THE FINANCIAL POST

The Canadian Newspaper for Businessmen and Investors

Largest Circulation of All Canadian Financial Papers

Vol. XXXIV — Member of Audit Bureau of Circulations — PUBLICATION OFFICE: TORONTO, AUGUST 3, 1940 — 10c a Copy; $5.00 a Year — No. 31

The Nation's Business

Canada's Wheat Enigma Not Easily Solved

It is not easy to like the wheat policy which has been announced by the Government at Ottawa. Equally it is not easy to suggest a satisfactory alternative.

It is of little use to recount past errors which have been made in respect to wheat, both by governments and by others in Canada. They were serious, and have added to the country's troubles. But they did not cause the war, and Canada's present wheat situation is the result of the war.

Because of the war there is no chance of selling, for a long time yet, much of the Canadian wheat in store. The quantity of wheat carried over, as a new crop comes to market, is not far short of 300 million bushels. By the end of another year Canada may well have piled up a carryover as big as a good average year's crop.

* * *

Most of that quantity belongs, or will shortly belong, to the Government of Canada, through the Canadian Wheat Board. In all probability most of it will remain in the Government's hands until either the end of the war, or a considerable change in its nature, allows food to be supplied to large parts of Europe now shut off from imports of grain which they badly need.

Such wheat cannot now be sold. To carry it, to pay the interest on advances which have been made, and to cover cost of storing and insuring it is a burden on the country, a terrible strain on the finances of the Dominion, absorbing money painfully raised by taxation and by loans.

* * *

It was very different during the last war. Then every bushel of wheat which Canada could raise for export provided supplies urgently needed by the Allies, and helped to bring victory closer. Moreover, the fact that wheat production expanded greatly during the war, and continued to expand for 10 years after, with markets growing as production grew, enabled Canada to sustain the country's war effort, and to make a *post-war* recovery that would have otherwise been impossible.

The crop about to be harvested was mostly seeded before the invasion of Holland, and at a time when it still seemed possible that Hitler's grip on Scandinavia could not be held. It was seeded when crop failure in the United States seemed likely. No one would have dared tell wheat farmers to relax their efforts in production in case all they could produce might be required. No one would have been able to tell them in what other directions their efforts might be applied.

* * *

No Valid Reason For Raising "Limit"

The Government would have solved none of its problems by closing the futures market on the Winnipeg Grain Exchange, as some westerners have been urging, and it would have added greatly to some of its difficulties. But the decision to keep the Grain Exchange functioning does not solve the difficulty of having for a long time more wheat than can be immediately sold.

One detail of government wheat policy which is definitely open to criticism is raising the limit of 5,000 bushels which may be delivered by any one farmer to the Canadian Wheat Board.

Those large farmers who operate on a scale calculated to produce 10 thousand, 20 thousand, 50 thousand or even up to 100 thousand bushels of wheat, as a certain limited number do, are among the valuable and enterprising citizens of Canada. But the rest of the country cannot afford to underwrite their operations, because of the necessity in an emergency of guaranteeing some minimum return to keep smaller farms going.

Letting them sell all their production to the Wheat Board is really a device to prevent them from trying to undersell the Wheat Board, or to justify preventing them doing so.

* * *

Consumers Will Pay Processing Tax

The processing tax on wheat has been established at 15 cents a bushel. Millers will pay this, and will recover the amount by adding 70 cents a barrel to the price of flour. The money collected is to go, not into the Consolidated Revenue Fund of Canada, where the proceeds of all Dominion taxes are normally expected to go, but into the coffers of the Wheat Board.

Under certain circumstances it may apply to the benefit of the treasury, by preventing the Wheat Board operating at a loss, or by reducing the amount of the loss. Under other circumstances it may benefit the growers of wheat. If prices which prevail are high enough to leave anything for distribution to farmers, after providing for the Wheat Board initial payment and costs of opera-

(Continued on page 2, col. 3)

Hinde Paper Profits Up For 7 Mos.

Increase Shown After Higher Taxes—Spend $165,000 on Plant This Year

Hinde & Dauch Paper Co. has shown an improvement in business for the first seven months of the year, as compared with the same period in 1939, The Financial Post is advised by officials. Tonnage sold was higher, while profits, after providing for the increased corporation taxes, also showed an increase from the 1939 period. Earnings for the 12 months of last year were equal to 99.6 cents per share on the common stock, compared with $1.42 in 1938.

The company produces fibre shipping boxes, corrugated paper products, paperboard and straw paper for corrugated purposes.

Business Spotty

While normally the company is busy in all departments during the summer months, business has been somewhat spotty this year. Different departments vary from week to week. The box business, for instance, slackened off last week only to pick up again later. The outlook is regarded as somewhat difficult to forecast.

Shutting off exports of strawboard from Holland has brought a flood of orders from Britain to the company's Trenton plant. However, considerable difficulty is being found in filling them, as Britain's licensing of imports has become quite effective. Export business, as a result, is a comparatively small factor in the company's entire business, the domestic demand providing practically all the current sales. No difficulty is being encountered in obtaining shipping space for what shipments are being made abroad.

Spends $115,000

Improvements totalling $115,000 were made in paper-making and box-making equipment during the first six months of the year. Current plans call for a further expenditure of $50,000 before the end of the year.

Costs of raw materials have increased considerably. Included is pulp and paper, mostly obtained from Canadian sources but some from the United States; chemicals from domestic and U. S. sources; coal, mostly from the U. S., and felt which is all obtained from domestic sources. A factor in increasing the cost of U. S. purchases has been the difference in exchange since outbreak of the war.

The new 10% Dominion tax on imports from foreign countries increases cost of U. S. materials to a total of 21% higher since the war started.

Prices Advance

It has been found necessary, in view of higher material costs, to make further increases in prices of company products. Effective July 1, the price on all boxes advanced 10%, while on one class of board the increase was 6% and on another type 10%. Previously, price advances were made in October last.

The company could show a fair increase in profits over the 1939 figures before being affected by the "excess" profits tax, The Financial Post estimates. However, it is subject to the increase in corporation tax from 18 to 30% since Jan. 1 last.

Yorknit Sales Still Climb

Substantially Higher in First Six Months—Large Orders on Hand

Sales of York Knitting Mills Ltd. for the first six months of 1940 were substantially higher than in the corresponding period of 1939, The Financial Post learns. Improvement shown in the first quarter of this year has continued, and the backlog of orders on hand at June 30 was well above the level of a year ago. Net profit of $260,014 for 1939 was more than three times as high as the 1938 figure, and net earnings were the highest since 1932, first year for which figures are available.

The company is manufacturing underwear for military use, but the proportion of this business to total sales is small, it is understood, probably less than 5%. Improvement has been shown in civilian sales.

Costs Constant in 1940

Manufacturing costs have remained fairly constant in 1940 to date. A 10% increase in wages became effective in October last, and costs of materials were up in the latter part of 1939. Raw silk prices advanced considerably in the late months of 1939 and early part of 1940, but again have returned to near pre-war levels. Raw wool has been up 70 to 100% from immediate pre-war levels, and cotton is also higher.

Income accounts for 1936 are not available, so there are no exact figures for the four-year average on which excess profits taxes may be based. The Financial Post estimates, however, that had the existing federal income tax and excess profits tax legislation been in effect in 1939, net profit for the company in that year would have been reduced from $260,014 to $171,828, or from $1 to 61 cents per share. Net taxable income of about $560,000 (as against actual of $336,014 in 1939) would be required to equal 1939 net profits, in the face of current taxation.

In line with improved business, the company has declared a dividend of 10 cents per share on the common stock, payable Aug. 15 to shareholders of record Aug. 8. Last previous payment was an initial distribution of 20 cents paid on Feb. 15 last.

U.K. Wheat Barter Now Mooted

Method Seen As Outlet For Larger Volume of Canadian Grain

From Our Own Correspondent

MONTREAL. — Though lacking official confirmation at this stage the opinion is growing in grain and milling circles here that the United Kingdom may make a barter deal with Canada for wheat supplies.

With the United Kingdom the only remaining major market and a tremendous surplus of wheat already in storage in Canadian elevators, it is a buyers' and not a sellers' market.

Even the United Kingdom cannot absorb the exportable surplus, but it means much to the Canadian economy if the U. K. buys the greater proportion of her requirements of wheat in this country.

Too Much Wheat

Briefly Canada has 275 million bushels of wheat in storage. The U. K. normally buys half of her 200 million bushel wheat purchases in this country. Domestic requirements amount to another 120 millions. There is enough wheat in storage in Canada at present to take care of the U. K. and Canadian requirements over the next 12 months.

This set-up, of course, makes no provision for the new crop. The latter is estimated anywhere from 300 to 400 million bushels. No official estimate is available as yet, but there is no doubt but that Canada will have a carryover of at least 300 million bushels or better into the 1941-1942 crop year.

The carryover will be considerably larger if the U. K. does not buy. Just at present the English have a relatively large supply of wheat on hand. They have been building up reserves for some months past in view of the war situation.

U. K. Needs Wheat

The U. K. has not sufficient wheat to meet her requirements for the full year and will have to import a considerable quantity.

Normally Canada could expect to get a large share of this trade. The problem facing the U. K. at present is the necessity of conserving her Canadian credits for the purchase of necessary war materials. This means that price is an important factor in the British plans regarding new purchases. Equally important is the wherewithal to make payment.

Wheat can be purchased elsewhere on a sterling basis. But if the U. K. buys in Canada and pays cash it will be necessary to use Canadian funds.

Canada Has Problems

Canada has her problems too. It costs millions of dollars to carry the present surplus wheat. It will cost even more when the new crop starts pouring into the elevators. On top of all this is the guarantee of 70 cents to the grower.

Financing of the wheat crop is a costly venture for the Dominion especially at a time like this when the country's resources are required for war effort. Naturally the Government would like to see the crop move out this year. That is impossible under present conditions. The next best thing is to sell as much as possible to the U. K.

The whole set-up is almost ideal for a barter arrangement—Canadian wheat in return for British goods.

Basis for Deal

Canada wants to get rid of her surplus wheat. The only major outlet is the United Kingdom. The latter wants wheat without the necessity of using up valuable dollar credits.

The United Kingdom is in a position where it can to all intents and purposes call the terms, always provided that Canada must sell to

(Continued on page 2, col. 7)

Provinces' Bonds Refunded Aug. 1

From Our Own Correspondent

MONTREAL. — Arrangements have been made for refunding bond issues of New Brunswick and Manitoba maturing Aug. 1, The Financial Post understands.

There was $1.4 million of 3% bonds of New Brunswick due Aug. 1, which are replaced by a similar amount of 4% bonds, maturing in three years.

New Brunswick has a $2 millions issue of 3% bonds maturing Nov. 15 this year. Maturities during 1941 are quite light.

Manitoba is refunding $1 million of 3% debentures through financial institutions. Another $3.1 million issue falls due Oct. 1 this year.

Outside Expert Hits at Jobless Insurance Plan

Authority on Problem Says Current Proposal Leap in the Dark

Before the special committee of the House of Commons H. H. Wolfenden, outstanding Canadian actuary, declared the Government's unemployment insurance plan to be "a leap actuarially in the dark." Its sole protection, he found, was the advisory committee provided in the bill.

He declared:

"I should not now, faced as we may be by possibly cataclysmic unemployment after the war, be prepared to certify the bill as actuarially sound."

He described it rather as actuarially indeterminate.

Requirements Outlined

Mr. Wolfenden said that actuarial soundness could be claimed for any plan only when all of the following conditions were fulfilled:

1. The benefits offered by the plan must be defined, and the conditions for their payment must be clear.

2. The corresponding contribution, or other financial arrangements, by which the cost of such described benefits are to be met, must be determined by proper actuarial calculations.

3. Any power to alter the basis, terms, or conditions of the scheme must be subject to an actuarial certificate that the costs of such alterations are within the financial capacity of the plan.

4. Adequate machinery must exist for the certification, inspection and control of claims for benefit in order to make certain that they fall within the terms and conditions of the scheme; and for the impartial and judicial interpretation of the numerous and difficult administrative problems which inevitably arise.

Lack of Certainty

In his opinion, it seems wholly impossible now to formulate methods of calculation with reasonable certainty and with adequate margins of safety. So he considers the

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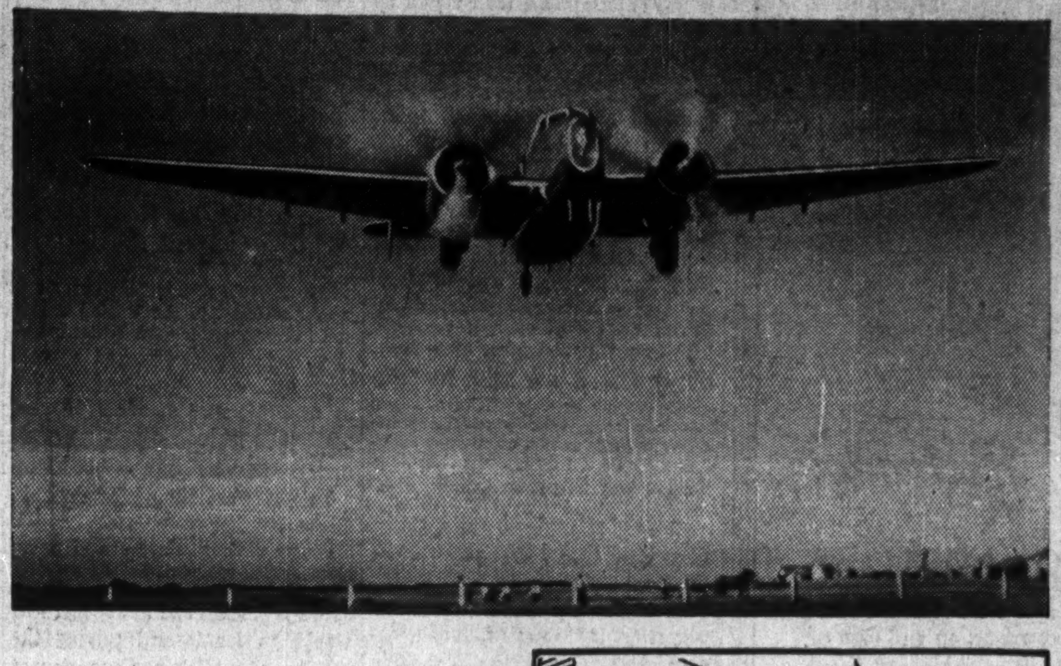
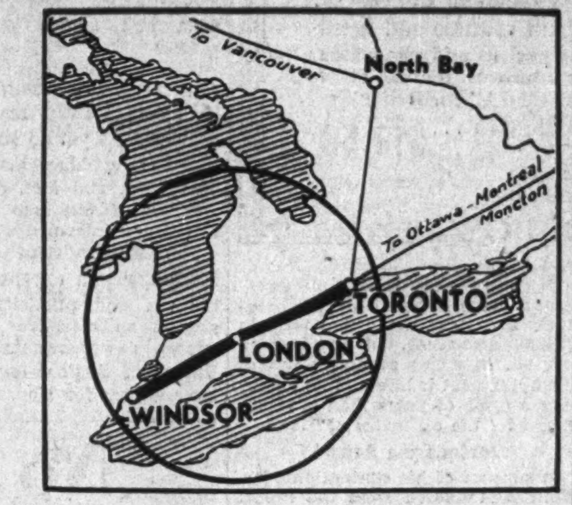


OPEN NEW AIR ROUTE

This week the Trans-Canada Air Lines inaugurated a new service from Toronto to London and Windsor. New airports have been opened at both the latter cities. The new service connects with the daily loop flights between Montreal, Ottawa and Toronto, and the daily services between Vancouver and Moncton. Passengers leaving Montreal in the morning and Toronto about three hours later are in Windsor by noon. Trans-Canada also operates branch lines connecting with principal cities in the Prairie Provinces and from Moncton there are connections over other air lines to leading centres in the Maritimes.



Highlights OF THIS ISSUE

Canada's industry is undergoing major expansion to meet war's needs. What is happening and the ultimate effects of expansion are reviewed by a Post staff writer in

Canada's Industrial Revolution—p. 9.

* * *

Coal supplies fill an important place in this country's industrial and domestic life. Impact of war has meant a great change in the general coal situation, dispatch from Ottawa shows.

Prospects Brighten—p. 9.

* * *

Extension of pro-rating to exempted newsprint mills, as advocated by a large part of the industry, is hotly contested by companies concerned. Arguments from both sides are reviewed in

Extension of Pro-rating—p. 10.

* * *

War metals have been eagerly sought across Canada since the outbreak of war. This search is revealing possibilities for a number of new key metals; a source of mercury production has already been developed.

War Metals Search—p. 15.

* * *

Construction firms often provide a key to trend of business in this country. R. M. Coper reviews this industry continuing his series on balance sheets of business.

Construction and Supply—p. 8.

* * *

Canada's railways received considerable attention from the Rowell-Sirois Commission. Important conclusions reached are discussed in

Menace to Solvency—p. 16.

* * *

General Index on p. 2.

Most Employers Ready To Pay Army Trainees

Majority Plan to Continue Salaries or Wages, in Whole or Part, During Period of Militia Service

Following the announcement that the Government intends to call out all physically fit men up to 45 years of age for military training, employers have been considering the policy they will follow as regards the men affected.

At the beginning of the war many business and financial institutions announced a pay policy for employees enlisting for overseas service. These plans varied considerably but in most cases as reported in The Financial Post last fall they had the common feature of guaranteeing the employee his position on his return from service with protection of seniority rights. In many instances some extra financial consideration was shown. This varied all the way from making up the difference between army and civilian pay to a lump sum on enlistment amounting usually to two weeks' or a month's pay. In many instances to employers announced they would maintain the employee's payments toward pension funds or group insurance.

In regard to the new situation embracing compulsory training the question of holding the employee's position does not arise as, according to the statement of Hon. J. G. Gardiner, employers must put all employees back in jobs or equivalent positions on completion of the training period.

The matter of financial consideration, however, has been left to the discretion of the individual employer.

Believing that it would be helpful to employers generally to know what others are doing in this connection The Financial Post recently sent a questionnaire to 150 representative Canadian firms and institutions asking their plans.

While, as in the former instance, plans reported vary considerably, most of the replies received indicated that some financial consideration would be made to men leaving to undergo training. In a number of cases it was stated no difference would be made between those enlisting in the non-permanent militia for training and those drafted under the mobilization act. A considerable proportion of the replies stated that no decision had as yet been made but it was indicated that some financial consideration would be shown.

The rate of pay for a man in training for a short period has been announced at $1.20 a day without family allowances. To a single man out of a job this represents good pay. To many who have been steadily employed and especially to those with families, this would mean considerable hardship if no other allowance were made. In the present instance with production of war materials well under way, employers in war industries do not expect to have their men called out indiscriminately.

Different Plans

Among the plans that have been communicated to The Financial Post are the following:

Bank of Montreal. Volunteers for training who have already had 1940 holidays will receive difference between military and bank pay; those who have not had holidays will be granted leave of absence with full salary for period of training. If any employee prefers not to regard training period as vacation for 1940, the bank will endeavor to give holidays later and make up difference in pay while in camp.

Bell Telephone has issued instructions that all employees who are members of military units and have not already had their vacations should arrange to combine these with training. Employees with dependents who were in the company's employ on Sept. 1, 1939, and who were members of military units on June 30, 1940, will receive for a maximum of three weeks training up to one half the difference between civilian and army pay. For the period allocated to vacation and during which employees attend

(Continued on page 2, col. 7)

Rail Income May Top Forecast

C.P.R. and C.N.R. Returns for Half Year Are Way Ahead of Last Year Already

From Our Own Correspondent

MONTREAL. — Operating revenues of the Canadian National Railways and Canadian Pacific Railway for 1940 are more than likely to exceed earlier estimates. Movement of the wheat crop, of course, has an important bearing on returns for the last half of the year. Even allowing for a relatively sharp reduction of traffic in this field, the situation at the half year was exceedingly promising.

Early last March The Financial Post estimated on the then current prospects that the Canadian National Railways would show a net operating income in 1940 of $29 millions or better. The corresponding figure for the Canadian Pacific was placed at $37 millions. In both cases, the estimated figure was considerably better than either railway had reported in several years.

At the time this estimate was considered a little too optimistic. It was admitted that both systems would show a comparatively sharp increase in both gross and net earnings, but it was felt that the gain would not be as great as forecast.

Better Than Expected

The situation at the half year, with actual returns available for both systems, indicates that the estimate was on the conservative rather than the liberal side.

For the first six months of 1940 the two railways reported a joint net operating income of over $28.8 millions. This compared with $4.8 millions, or nearly 6½ times less, reported for the like period of 1939. Net returns for the past half year were the highest recorded since the $36.7 millions in 1929.

Encouraging Comparison

Comparison of the returns of each Railway with those forecast last March is encouraging.

It was estimated that for 1940 the Canadian Pacific would show a net operating revenue of $37 millions. To the end of June the net figure amounted to $12,636,005.

Thus, in order to reach the figure of $37 millions, it will be necessary

(Continued on page 2, col. 3)

Record Output Brant. Cordage

Rush Comes at Year End — War Removes European Competition

Brantford Cordage Co. has produced this year the largest amount of binder twine in its history, The Financial Post is informed. Sales and profit possibilities are still clouded, however, by lateness of the crop and war unsettlement generally.

It is probable that the company will be at the height of its sales period when the books are closed for the fiscal year ending August 31, next.

So far this year many factors have contributed toward a favorable showing.

U. S. Sales Large

For one thing, between 30 and 40% of the company's total sales are made in the United States. Sales to this market have been very satisfactory.

Elimination of Belgium and Holland has, for the time being, removed European competition, although there are considerable stocks of foreign binder twine in western Canada to meet 1940 needs.

Prices established for twine in the current year are roughly 20% above those of a year ago. This increase is almost identical with the higher price of raw material which occurred at the outbreak of war last year.

Outlook Not Clear

Just what will happen to raw material prices and sources of supply next year is far from clear. There has been some disposition on the part of the Dutch East Indies suppliers to cut prices because of loss of normal manufacturing outlet in Holland. On the other hand, Brantford Cordage is faced with a 10% increase in prices of sisal from British East Africa due to the fact this product (though of Empire origin) must be brought to Canada via the United States. Accordingly it must pay the 10% import tax.

Fortunately the company is not directly concerned, at the moment, with the fact western farmers may be hard pressed to find cash this year with which to pay for binder twine and other staple items. The company's product is sold entirely on the basis of bonded consignments. This means that dealers are bonded to sell only for cash. If there is any default it is the bonding company that pays.

Company Concerned

Even though the company is protected it is unquestionably a matter of concern as to the financial position in which western farmers will find themselves this year. It is felt, however, that binder twine is an essential and if the crop continues at or about present estimated levels, very considerable amount of product will be sold.

In 1938 and 1939 the company had two very lean years. In the former year a net loss of $8,146 was reported. In 1939 small profit of $8,889 was shown. Previous to that, the company experienced average earnings for four years, approximately $250,000.

The War And Business . . A Weekly Round-up

The most momentous Parliamentary session in Canada's national history was being rushed to conclusion this week. Very significant for the future, it demonstrated how democracy can mobilize men, materials and money as effectively as the much-vaunted totalitarianism.

Reports of the achievement in mobilizing Canada for war given by the ministers of the various war departments are naturally glowing. At the same time, imperfect though the organization and administration of Canada's war effort may be, informed Canadians generally grant that much good work has been done.

* * *

The Big Push

Unemployment insurance legislation rushed through the Commons at the close of the session imposes a new and permanent tax on production. As this is written, the nature of changes to be made by the Senate banking committee is not known. It is widely held in informed quarters that the present measure is not actuarially sound and that the present is not the proper time for its enactment.

Passage of the bill through committee was obvious political railroading. The speed with which the measure was pushed; the precautions taken to see that nothing arose to halt its progress have caused widespread comment. Whether the Government has taken heed of the critical authoritative actuarial advice it received in committee, will not be known until the time comes for proclamation. Ottawa was warned clearly and emphatically not to permit contributions to be made until a further report on actuarial soundness was received.

* * *

Tourist Pick-up

The tourist influx from the United States, providing a vital supply of U. S. dollars for the war effort, has shown some improvement in recent weeks, but is still below normal.

Incessant Nazi propaganda, believed emanating from the German Information Bureau in New York City, is apparently having its effect. This bureau issues news sheets, provides information for speakers and has travelling agents continually at work spreading anti-Canadian and anti-British rumors.

So serious has the situation become, that the Canadian Government is contemplating direct action to offset these operations. It is felt that the American people would welcome accurate information about life in wartime Canada.

No small amount of the credit for the improvement in tourist traffic is being given to the work of individual Canadians and private groups, boosting Canada to American friends; passing on a sober picture of actual conditions here. Getting over to Canadians at large this particular problem of their country and of the need for their personal co-operation in its solution is regarded as just as important as large and expensive publicity programmes.

* * *

"Must Be Broken"

The long-mooted shake-up in the Department of National Defense is still far from completed.

One well-informed Ottawa observer tells The Post that the crux of the National Defense staff problem is the "family compact" of permanent force officers whose deepest concern is that their sheltered world shall in no way be disturbed; that none of their traditional control shall be interfered with. This informant charges a disposition to gang-up against civilian newcomers; a resistance to every change. He holds out no hope for efficient operation until the power of this group is broken.

Defense Minister Ralston's abilities and good intentions are almost universally held in high esteem. It is pointed out, however, that his constitutional inability to delegate authority to his assistants is having more serious results in the defense department than in his previous post, the Treasury

"An incredible concern about infinitesimal detail, not properly the job of an executive," is given as the reason why the indefatigable Mr. Ralston is wearing himself to a frazzle, along with his assistants, and why less is getting done as fast as it could or should.

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Airplane Output

The view that Canada is too small a nation ever to support an important aircraft industry is now, judging by reports given to the Commons this week, effectively squelched.

Though the Canadian aircraft production situation today is less rosy than implied in official reports, there is definite ground for the development of a very substantial industry here.

Whaley Eaton reports the following rate of war plane production per month: Britain, 1,000-2,000; Germany, 1,500-2,000; United States, 500-600; Italy, 200; Japan, 200; and Russia, 500 (a figure about which W. E. is somewhat doubtful).

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"Tawdry and Synthetic"

Widespread revulsion against tactics at the recent Democratic convention has been expressed in the post-mortems of the U. S. popular press.

The picture magazine Life is typical in describing the convention in words like these: "Shocked and sick at heart"; "tawdry and synthetic enthusiasm"; "uneasy sense of guilt at violating a great democratic tradition in the present crisis of democracy"; "shabby pretense," and so on.

Aroma was added to the performance by the Chicago sewer chief and his microphone; by the cheek-by-jowl alliance of Roosevelt trusties with some of the most notorious city bosses and political racketeers in U. S. political life.

* * *

How much the Willkie cause has profited from the Democratic performance has yet to be seen. But in the popular mind and probably in fact (this has yet to be demonstrated) the Republican convention was virtually everything that the Democratic convention was not: The functioning, for once, of the U. S. political system to enforce popular will against the "fixing" of the political machine.

Equally significant is the evidence of political conscience in the scathing reviews of the general press. Their comments make it very plain that the gangster method in politics is unwanted.

Coming In The Post

The bargain table of the stock market offers many good choices at present.

One of these is a representative group of common stocks, legalized by Ottawa for the investment of the funds of life insurance companies. Average yield on this group in the first four months of this year was 5.11% while the current figure is better than 6.5%.

A prominent investment analyst will outline this opportunity in greater detail in a special study to appear in The Post soon.

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Insurance Scheme Rapped by Expert

(Continued from page 1)

bill to be actuarially indeterminate. It is quite impossible, he maintains, to assume with any reasonable certainty the basic rate of unemployment, on which all the calculations must be based.

The position in 1940, in Mr. Wolfenden's opinion, is entirely different from 1935. At that time, he said, a 12% rate of unemployment, the ratio idle time to total time, was shown by the records of 11 years from 1921 to 1931. It was reasonable to assume this would represent adequately the unemployment rate to be anticipated over a cycle of years commencing in 1935 or 1936.

Challenges Plan

But he questioned the present plan to base contributions on the same 12% rate as in 1935. Conditions now being faced he described as utterly unpredictable. To illustrate his point he said:

"Suppose that in 1941, in the first six-months period, the rate of unemployment is 8% and in the second six months 6%, which for the full year would give 7%. Then suppose that in 1942 the rate is 6%, as the war continues and more workers become steadily employed under the Act.

"Suppose that in 1943 the war ends, and there is a very serious dislocation, with the rate of unemployment among those insured under the plan jumping to such a rate as 20%; that in 1944 the rate increases to 30% and in 1945 there is a decrease again to 20%.

"Over these five years, which is not a full cycle, that would give an average rate of unemployment of 16.6% per annum. If the fund is set up on a 12% rate, it will become insolvent early in 1944, unless there is a reconstruction through the advisory committee."

Mr. Wolfenden also gave a second example, of a possible series of rates which would render the fund insolvent at the end of 1943, on the assumption of a 12% basic rate.

Position in 1935

Mr. Wolfenden noted that in 1935, at a time of at least partial depression, a large number of the more unstable employees had already fallen out of employment. The result was that those who would have become insured under the 1935 Act would have represented comparatively good risks so far as the probability of unemployment was concerned.

Now, however, he said, we have a high rate of employment; that will mean that a higher number will become insured under the plan, which socially is very desirable, though actuarially more numbers as distinct from rates are of little consequence. He added:

"It will mean that the good risks as of 1935 will become insured, but also a large number of comparatively bad risks, using that term in an insurance sense, will also become insured. In such a group the rate of unemployment is likely to be higher over a cycle of years than is represented by the estimates of 1935."

Quotes from Report

In support of his contentions, Mr. Wolfenden quoted from the report submitted in connection with the present Act by A. D. Watson, actuary of the Dominion Department of Insurance.

He felt that Mr. Watson in effect said that an undertaking of such great consequence as the unemployment bill should be embarked on only on the basis of the best possible estimate of the probable costs. He quoted from Mr. Watson's report:

"The objective kept in view was to determine rates sufficient to provide the benefits in the draft bill for a period such as the 11 years ended June 1, 1931, assuming that the scheme has attained the status of full operation before the commencement of that period. Having regard for the employment history since July 1, 1931, it can hardly be held that this objective is either unreasonably high or unreasonably low . . .

"The rates of contribution in the above table are recommended as reasonable for inclusion in the draft bill . . . Nevertheless, it is also recommended that they should be re-examined as soon as data may become available, which would justify re-examination.

"The tentative nature of these estimates will be apparent. They relate to an average year only and few years are average in the matter of employment and unemployment."

Sees Cautious Approach

Commenting on Mr. Watson's remarks, Mr. Wolfenden concluded that he is recommending certain rates of contribution under certain definite conditions of operation. But he is issuing at the same time certain very definite cautions with regard to the paramount importance of maintaining those principles of operation in order to make certain that the scheme will not be permitted to degenerate . . . leading to a possible general breakdown.

Mr. Wolfenden pointed to difficulties met in Great Britain and the United States in the interpretation and practical working of legislation. Particularly he noted the formidable difficulties which developed in the United States through precipitate action, in an attempt to put into operation almost overnight plans which varied significantly, as the Canadian bill now varies significantly, from the British plan with its flat rate of contribution and benefit.

Suggestions Advanced

He therefore suggested that, whatever decision might ultimately be reached:

1. The plan might be with great advantage referred to an impartial committee of employers and employees, with instructions to report upon the most desirable forms of procedure, so that employers and employees at large may come to understand something of the administrative problems which will face them.

2. The collection of contributions under the bill should commence upon a date to be fixed by proclamation, in accordance with recommendation by the advisory committee, certifying that in its opinion the date so selected is such that the committee considers the fund is likely to be reasonably sufficient to discharge its liabilities over at least the succeeding four years.

Ruling Favorable To Coal Operators

Board Decides Against Wage Increase Until Earnings Are Higher

From Our Own Correspondent

MONTREAL.—No wage increase until earnings of the company have increased or some outside assistance is given, is recommended by the board of conciliation appointed to consider the disputes involving workers of the Acadia Coal Co. and the Sydney Collieries Ltd.

In most cases the men are members of the United Mine Workers of America and wages constituted the major matter in dispute. Both reports recommended that all arrears owed the company by employees for rent and coal up to May 31, 1940, be cancelled.

SCHOOLS AND COLLEGES

BRANKSOME HALL
10 ELM AVE., TORONTO
A Residential and Day School for Girls
Junior and Honour Matriculation—Kindergarten and Junior School—Art—Music—Household Science—Secretarial Course—Swimming Pool—Skiing at School Farm.
School re-opens Sept. 11th
For illustrated calendar write the Principal
MISS EDITH M. READ, M.A.

St. Andrew's College
FOUNDED 1899
An exceptional boarding school for boys
AURORA, ONT.
Book of Views on request
K. G. B. KETCHUM, B.A., HEADMASTER

The Nation's Business

(Continued from page 1)

tion, it will add to the amount to be distributed.

• • •

Under existing conditions the tax is less objectionable than would be the case in peacetime. But it is a fallacious justification to say that it will not increase the price of bread. It adds about two fifths of a cent per pound to the cost of the loaf, which, of course, the consumer will pay. The baking trade is not so wealthy that it is capable of absorbing a major fraction of the seven million dollars the tax is expected to yield.

If bakers cannot immediately get back the increased cost of their flour by an increase in bread prices by an even cent or half cent per loaf, they will find some other way, simply because they must. The price advance may be delayed, or a larger advance may take place on some other bakery goods, quality or services may be cut down, or ultimately the tax may be pyramided.

• • •

Getting the News to Canadians

An admittedly weak link in the war effort is Ottawa's failure to inform and arouse the Canadian public.

This week's informative reports from cabinet ministers touch only the fringe of a very real and serious problem. As yet no successful, all-round effort has been made to swing Mr. and Mrs. John Canuck and their family into a united, inspired and informed war effort.

The thousands of dollars now being spent on expensive publicity bureaus and publicists have not proved an effective answer. An expert newspaperman, David B. Rogers of Regina, is now probing the problem for Hon. James Gardiner, Minister of National Service.

• • •

At the root of the matter is the weakness uncovered this week by The Toronto Globe and Mail. Said this paper:

> "If the Government has anything to tell the people it does not need a battalion of press agents and liaison officers . . . newspapers and newspapermen prefer to get their information firsthand from the Prime Minister, from other members of the Cabinet and from the senior officials rather than in the form of statements prepared by liaison officers."

• • •

In Australia, in the United States and in many other democratic countries, prime ministers and cabinet members—all of them just as busy as their opposite numbers in Canada—find time to see newspapermen. They take these men into their confidence.

This is what should be done in Canada.

Fewer liaison officers and press agents and more direct and frank exchange of views and information between officials and newspapermen would go far toward solving the problem of publicizing Canada's war effort.

• • •

Sideline Jeers Find a Champion

Last week's panegyric by Senator Hugesson in support of the controversial Saturday Evening Post article, "Wings of Atonement," was an amazing performance.

Many people may disagree with Senator Meighen that this article was sufficiently subversive and dangerous to warrant this particular issue being banned. There can be no excuse for any honorable senator coming to bat so effusively for an article of this type.

When a man is fighting for his life against a murderous gangster, there is no approval for a pious, sacrosanct individual who stands on the sidelines jeering that if the victim had been in better physical condition he would be able to put up a better fight.

• • •

Had he seen it, Senator Hugesson might not even object to an article which appears in a new magazine, "Print—a Quarterly Journal of the Graphic Arts," published in New Haven. It contains this sentence:

> **"England: the Old name for the island Hitleria."**

This appears in an article entitled "The Five Hundred Years." It is an attempt to peer into the future regarding printing developments. It assumes England has been conquered by Hitler and the name changed to "Hitleria."

• • •

War conditions demand the watchful eye of the censor against foreign propaganda of this sort.

At the same time it is especially important that Canadians should have access to interesting and informative material regarding their own country and its war objectives.

Senator Hugesson would be better employed in working for removal of handicaps imposed by the Federal Government on Canadian publications than in pouring out encomiums for doubtful and derogatory articles in the foreign press. At the present, we bonus foreign publications coming into Canada by imposing on our own publications duties and taxes which are not borne by those foreign publications either in Canada or their own country.

No Limits on Tax Fields

Provinces May Cut Into New Sources Developed by Ottawa

From Our Own Correspondent

OTTAWA.—Rising incomes and profits constitute a temptation to provincial authorities to follow the lead of the Federal Government and boost taxation, and though federal officials recognize that a thorny problem may arise, no intention is evident at the present time to warn the provinces off wartime tax preserves.

If any agreement exists, it is just a gentleman's agreement that the provinces will keep expenditures and taxes down during the war while the Federal Government must undertake astronomical spending programmes and boost taxes steeply. Some provinces, such as Ontario, have declared their intention of cutting provincial spending to the bone. Little evidence of the same spirit is seen in some other provinces, for instance Alberta. When provincial legislatures convene for their normal sessions next winter, Ottawa will watch efforts to cut in on its tax funds by boosting provincial levies. How far it would go in discouraging provinces, is problematical.

Special Rights?

The substantial margin of expansion in the national income due to the war is regarded as a tax field to which Ottawa has special rights. In his budget speech, Hon. J. L. Ralston argued that this income boost justified the tax increases. Ottawa would probably fight hard against infringements by the province, but the fact remains that at the present time there is no obstacle to the provinces rushing in to make a tax grab of the new war income of the Canadian people and it is possible that instances will arise where federal and provincial taxes combine to exceed new income of corporations and individuals.

An amendment to the income tax Act, contrary to reports, does not prevent the provinces from putting on new levies.

Under the section providing for deductions from the federal tax, a new clause gives the minister discretion in allowing a deduction for taxes paid to a province. The effect of this may be that if the provinces increased their taxes, the Federal Government would refuse to allow any deduction, putting them in the position of incurring a deficit. New taxes imposed by the province would not be recognized as a reason for not meeting the increased federal taxes in full.

Rail Income May Top Forecast

(Continued from page 1)

for the company to earn $24,363,995 in the last six months.

In the last half of 1939 the Canadian Pacific earned $23,172,476, so to reach the needed figure of $24.3 millions, the company would have to report a gain of around $1.2 million or around 5%.

There was a fairly heavy grain movement in the closing months of last year which did much to boost earnings. This year the outlook for the grain movement is uncertain. It may be of only negligible proportions, the actual movement taking place next spring.

Even allowing for this eventuality it is believed that the company's net operating returns for the last half of 1940 will be at least sufficient to permit the realization of the earlier forecast of net earnings of $37 millions.

C. N. R. Sets Fast Pace

The situation in respect to the Government-owned system is even more favorable. The sharp drop of late in the ratio between operating expenses and operating revenues has been more pronounced than had been generally expected.

To the end of June the C. N. R. had a net operating income of $16.2 millions. In order to achieve the earlier forecast of net earnings of $29 millions for the whole year it will only be necessary for the system to earn just under $14 millions for the balance of the year.

It might appear difficult for the system to earn as much as $29 millions in view of the showing made in the last half of 1939, when net operating income amounted to only $6,571,828. But the situation today is different.

Prospects Look Good

In the first half of 1939 the Canadian National had an operating deficit of $505,417. For the same period this year a profit of $16.2 millions, an over-all betterment of $16.7 millions.

The C. N. R. may not be able to maintain this rate of improvement for the balance of 1940. Still with the period of heavy traffic ahead, there is little doubt but that the system will report net operating income of at least $29 millions for the full year.

Wheat Holds Key

The final returns may be considerably better, depending upon the outcome of the wheat movement. If this traffic does assume anything like normal proportions, then there is little doubt but that both the Canadian Pacific and Canadian National Railways will be able to show a net operating income well above that forecast last March.

Expect Deficit

Parliament was told this week by Hon. C. D. Howe that it was "too optimistic" to expect C. N. R. would have no overall deficit on this year's operations. However, estimate of the deficit has been revised twice downward from $25 millions to $15.1 millions, where it now stands.

Bill authorizing issue of securities by C. N. R. up to $15,104,000 to cover deficit or absorb other capital expenditures was put through the House of Commons this week.

Munitions Plant Outlay Doubled

British Investment in Explosives Factories Raised to $60 Millions

From Our Own Correspondent

OTTAWA.—A cable to the Canadian Government early this week doubled the amount of British capital available for construction of explosive plants in Canada.

Up to the time when Hon. C. D. Howe prepared his review for Parliament of the Munitions and Supply Department, the figure for capital investment in new explosives plants was $30 millions. The latest order from the British Government boosted the figure to $60 millions.

The explosives programme, handled for the department by its own company, Allied Supplies Ltd., along with other phases of British war orders, already consists of two larger plants to produce TNT, nitrocellulose powder and cordite; and an $8 millions shell-filling plant. Into this plant will be routed component parts of shells produced in several other plants.

Capital investment in munitions plants now under construction is $120 millions, and the plants will have a productive capacity of $500 millions annually. Canada, said Mr. Howe, will seek to become self-contained in war production, and the effect of war spending has been to raise the production of manufactured goods to the highest in Canada's history.

APPOINTED

Roy D. Kerby, who has been appointed assistant to the president and director of public relations of General Motors. Previously he was general sales manager for the Pontiac, McLaughlin-Buick and G. M. truck division.

Firms to List Own Workers

Registration Allowed by Deputy Registrars in Offices of Companies

Following requests from a number of business firms the Government has agreed to let larger firms register their own employees under the national registration scheme.

It is understood that this concession applies to all firms with 100 or more employees. Otherwise firms might have to release employees part or all of a day to enable them to register at public bureaus.

According to the arrangement, each firm will appoint one or more of its staff to be sworn in as deputy-registrar.

Some companies have also suggested that their employees be allowed to take home the registration cards and fill them out there. But the Government apparently is anxious that the cards be filled in by the deputy-registrar himself to ensure answers are clearly and accurately recorded.

Yet another proposal is that business firms authorized to do their own registration be given the cards and allowed to start right away. This would give them nearly three weeks to do it in. Public registrations could then take place as planned from August 19 to 21.

Stelco Operations Near Capacity

President Reports Sales Running Well Ahead of Last Year

From Our Own Correspondent

MONTREAL.—Sales of Steel Co. of Canada in tonnage and value for the year to date are considerably above those of the same period last year, according to a statement issued by Ross H. McMaster, president of the company. The demand continues to support operations at a rate approaching capacity. Any insufficiency in orders for domestic needs, he adds, has been made up by export bookings.

Operations at the new tinplate dipping plant, Hamilton works, started in July and will proceed at capacity during the packing season. The work on the new 110-inch plate mill is proceeding in accordance with schedule.

Clear of Bond Debt

Referring to financial matters, Mr. McMaster stated that the unredeemed balance of the first mortgage bonds issued in 1910 became due and payable in New York July 1. Funds for the purpose were provided a year ago and the company is now free of any bonded indebtedness.

Mention was also made by the president that on the second pay day in July special distribution of one and a half weeks' wages was paid to all wage earners who had been steadily in the employ of the company during the first half of the year.

Investor's Index

Aug. 3, 1940

Abitibi . . . 8, 10
Acadia Apts. . . 5
Aluminium . . . 7
Bathurst P. & P. 4
Bell Telephone. 15
Brant. Cordage. 1
Brazilian . . . 15
Brown Cos. . . 11
Canada Bread . 5
Can. Machinery 5
Can. Car . . . 8
Can. Cottons . . 5
Can. Marconi . . 13
C. P. R. . . . 1, 4
Can. Wineries . 4
Conduits Nat'l. . 5
Cr'n. Zellerbach 10
D'r Park Manor 16
Dom. Engin'ring 13
Dosco 7
Donnacona Pap. 5
East Koot. Pwr. 5
Eastern Steel . . 4
Easy Washing . 5
Electrolux Corp. 5
Fleet Aircraft . 5
Ford Hotels . . . 3
Fraser Cos. . . 10
Hinde & Dauch 1
Imperial Oil . . 8
John Inglis Co. 15
Lake St. John . 10
Levy Bros. . . . 8
Mexican Light . 4
Mtl. L. H. & P. 8
Mtl. Loan & M. 5
Mtl. Trams. . 7, 8
Nat'l. Breweries 8
Ontario Steel . . 16
Paton Mfg. . . . 5
Quebec P. & P. 13
Quinte Mil. Pr. 4
Regent Knitting 16
Remington Rand 8
Richmond Bldgs. 8
Rogers-Maj. . . . 5
St. Lawr. Corp. 8
Scott Paper Co. 10
Shawinigan . . 8
Silverwood. . . 4
South. Can. Pr. 15
Stedman Bros. . 5
Steel of Canada 2
Tamblyn 8
Trust & Loan Co. 5
Twin City R. T. 4
Winnipeg Elec. . 8
York Knitting . 1
York Trading. . 8

MINES AND OILS

Broulan 14
Buckley Oils . . 14
Can. Malartic . 15
Chesterville . . 15
Chromium M. . 15
Clear Oils . . . 14
Cons. Smelters . 15
Dayton Porc. . . 15
Del Bonita A. . 14
East Malartic . . 15
Falconbridge . . 14
Frankview . . . 14
God's Lake . . . 15
Granby 14
Guysborough . . 14
Hasaga 15
Kerr Lake . . . 15
Kirkland Lake . 15
Lapa 14
Leitch 15
Magnet Consol. 14
Matachewan C. 15
McKenzie R. L. 15
McMarmac R. L. 15
Missinaibi . . . 14
N. Am. Molyb. 15
Regency Metals 15
Rochette 15
Sachigo River . 15
Siscoe 15
Sladen Malartic 15
Slave Lake . . . 15
Snowshoe . . . 15
Stadacona R. . 1.
Sullivan 15
Teck-Hughes . . 15
Thompson-Lun. 15
Vermilata 14
Wampum 15
Wendigo 14
Yama 14

REGULAR FEATURES

Banking 11
Bond Markets 5
  Bond Quotations 12
Business, Week in 7
Commodities 13
Company Reports 5
Editorial 6
Foreign Exchange 5
Insurance:
  Fire and Casualty 11
  Life 11
  Reports 11
Investment Trends 4
  Investment Enquiries 8
  Market Opinions 4
  Stock Quotations 12
Mining, Week in 14
  Mining Enquiries 15
  Stock Quotations 12
Municipal Finances 8
Oils, Week in 14
  Oil Quotations 12
Pulp and Paper 10
Wheat, Week in 13
  Grain Quotations 13

Bakers Rattled By New Tax

May Press Ottawa For Some Increase in Bread Price

The new processing tax of 15 cents a bushel on wheat used in making flour is causing some confusion in the baking industry, The Financial Post understands. The tax works out at about 70 cents per barrel of flour or slightly over two fifths of a cent per 24-oz. loaf of bread. Approximately 170 such loaves are made from a barrel of flour.

The announcement of Hector B. McKinnon, chairman of the Wartime Prices and Trade Board, that the new tax did not justify an increase in the price of bread may not be the final decision on the matter, it is understood. It is likely the matter is to be reconsidered in the light of information placed before the Board by the industry.

It is understood the bakers will press the Board for at least a fractional increase, even if an advance of the full cent a loaf is not permitted.

Price Wars

The impression is gained that bakers would have advanced the price months ago but for price wars in many centres throughout Canada. These have tended to depress the price. The situation at Hamilton and Vancouver is understood to have improved a little in recent months. But it is by no means clarified in other centres as far east as Quebec and right through to the Pacific coast.

Bakers point to the higher costs of ingredients. Cost of flour has been about 17% or 82 cents per barrel higher in the period Sept., 1939, to July, 1940, as compared with the same months in 1938-39. The increase is equal to slightly less than half a cent a loaf.

Other Increases

Slight advances also have been shown in costs of salt, sugar and shortening. Some indication of the rising costs is shown in the annual report of Canada Bread Co., out this week, which shows average per loaf profit reduced from a half to a quarter of a cent. The following table illustrates the advance in flour prices since the outbreak of war:

*Average Monthly Flour Prices
No. 1 Patent Manitoba, per bbl.
at Montreal

	1939-40 $	1938-39 $	Increase $	 %
Sept.	5.56	5.17	0.39	7.5
Oct.	5.40	5.03	0.37	7.4
Nov.	5.42	4.88	0.54	11.1
Dec.	6.00	4.88	1.12	22.9
Jan.	5.75	4.88	0.87	17.8
Feb.	5.73	4.95	0.78	15.8
Mar.	5.93	4.95	1.00	20.2
Apr.	6.03	4.95	1.08	21.8
May	5.53	4.76	0.77	16.2
June	5.23	4.38	0.85	19.4
July	†5.50	4.20	1.30	30.9
Av. for 11 mos.	5.64	4.82	0.82	17.4

*Source: Dominion Bureau of Statistics.
†Estimated.

The government apparently already is recognizing the need for an upward adjustment in prices. According to one reliable source, the Department of National Defense is preparing to negotiate with bakers for an increase in the wholesale quantities of bread being supplied to troops.

Flour May Go Down

One factor which may strengthen the stand of the Wartime Prices Board that an increase is not necessary, is the indication flour prices probably will decline. This is considered probable in view of the tremendous wheat carryover in prospect for the fall. The price cannot go below 70 cents per bushel as a result of Ottawa's peg, but the chances of it going much above that are not very good.

Bond Sales

CITY OF HAMILTON

Harrison & Co. has purchased $300,000 City of Hamilton 1¾% treasury notes on a cost basis of 1.75%. The issue is dated July 26 and matures April 15, 1941.

Three Generations
OF BUSINESS BORROWERS

"Son, when your grandfather started this business sixty years ago, his first bank loan was for $300 from the Bank of Montreal. We've looked to them ever since, and our credit line now is in five figures."

BANK OF MONTREAL
ESTABLISHED 1817
"A bank where small accounts are welcome"
A102

Employers to Pay Trainees

(Continued from page 1)

military camp they will receive full pay. No plan has yet been adopted for employees who may be conscripted for training.

Canada and Dominion Sugar has tentatively decided to make up the difference between militia and factory pay with no distinction between volunteers and conscripts.

Canadian Canners has not arrived at a definite decision. At the close of the canning season it is indicated the company will be willing to assist those who are willing to volunteer.

Canadian General Electric has an established policy that employees attending annual camp with their regiments will be paid for a period not to exceed two weeks, the difference between normal and army pay. In addition, employees receive their regular annual vacation with full pay. No decision has been reached yet as regards employees drafted for compulsory military training.

Canadian Pacific Railway will grant leave of absence without pay to attend military camps. This does not interfere with the regular vacation.

Peacetime Practice

Confederation Life Association will continue peacetime practice of allowing employee members of militia units full pay for two weeks training at camp. This in no way interferes with regular holidays. No decision has been reached on continuing full salary for longer periods of training. The Association is endeavoring to arrange that only a portion of the staff will be called up at one time and that those who are not called up till later will not be penalized.

Distillers Corp.-Seagrams Ltd. will continue to pay employees who enlist for service in the militia and are required to go to camp for the probable period of three weeks. This does not interfere with the employees' regular vacation with pay. In the case of employees enlisting for overseas service the company will advance single men without dependents a month's pay. Married men and single men with dependents will receive the difference between military pay and company pay. Positions are guaranteed such employees on return to civil life.

Dominion Textile Co. will pay employee militiamen called to camp for the first three weeks. No definite ruling has been made yet as to those who later on may be called up for military training. It is expected that some effort will be made to bridge the gap between military pay and allowances and regular wage or salary, especially where employees have dependents.

The T. Eaton Co. will pay volunteers full wages for two weeks while in camp.

Ford Motor Co. of Canada has not adopted a definite policy as yet. In the meanwhile it will grant two weeks leave with pay to any employee in the militia who attends training camp.

Goodyear Tire & Rubber Co. of Canada plans to make up the difference between militia pay and civilian pay of employees while they are at camp. As the company is making war supplies it is expected its employees will be exempted. Consequently the question of conscription will not arise.

Hudson's Bay Co. will grant two weeks pay to volunteers for training in camp and will make up the difference between military and civilian pay. Action as regards conscripts is deferred.

Hunt's Ltd. will pay volunteers the difference between militia and regular pay for two weeks in camp, provided they have been with the company a year or longer.

Leave up to 90 Days

Imperial Oil Ltd. will give leave of absence for 90 days to volunteers in the military or naval services and will make up the difference between government and civilian pay after deductions for thrift plan, group insurance and national defense tax. Leave of absence will be in addition to regular vacations.

Imperial Tobacco is granting men in the militia who were with the company prior to Jan. 1, 1940, leave of absence for three weeks training with full pay, in addition to regular vacations with pay.

Legare Co. has tentatively agreed to pay men in training the difference between militia pay and regular pay. No distinction made between volunteers and conscripts.

Robert Mitchell Co. expects majority of personnel engaged in producing war materials may be exempted. Its policy, however, is to compensate militia volunteers for loss of revenue which might cause hardship to families.

Rogers Majestic Corp. will maintain full salary or wages for employees enlisting voluntarily, during the weeks in camp.

Shell Oil Co. of Canada *plans to* pay men called for training the difference between civilian and army pay. No distinction will be made between volunteers and conscripts. Reason for this is that it may be necessary for the company to ask unanimity.

Standard Fuel Co. plans to pay the difference between militia pay and regular pay. No difference will be made between volunteers and conscripts.

Toronto Elevators Ltd. will pay full salaries or wages to employees in camp, whether volunteered or drafted.

Zeller's Ltd. Wages as usual while the employees voluntarily training in camp.

Wheat Barter Deal With U. K. Mooted

(Continued from page 1)

lessen the financial burden of carrying a wheat crop which has already reached abnormally large proportions.

The U. K. may make a cash offer for whatever Canadian wheat she needs to meet her requirements. It is unlikely, however, that Britain will pay any more than she has to for supplies. Consequently it is difficult to see how or why Britain will pay the Canadian Government guaranteed price to the farmer of 70 cents a bushel.

As one trader put it: "If Britain offers Canada a barter deal or a fair cash price basis for wheat, then we should take it and take it quickly."

Correct Trade Balance

There is another and an important angle to the wheat situation from the Canadian point of view: The trade returns indicate that Canada already has a substantial favorable balance of trade as between the two countries. Ordinarily such credit balances would be used to offset debit balances on American trade. At this time such balancing of trade credits and debits is difficult, with the result that Canada's sterling balance continues to grow.

A barter arrangement for wheat would not be an unmixed blessing as far as the Dominion is concerned. From Britain's point of view it would be a tremendous help, inasmuch as it would help her to conserve dollar credits.

Basis for Trade

This country could take in exchange for wheat increased quantities of British goods such as whiskies, essential oils, cotton and woollen textiles, iron and steel, engines, machinery, chinaware products, coal, etc. In fact there are a number of products which could be taken which would help to balance this country's trade, lessen the necessity of imports from the United States and help balance trade with the latter country.

The new crop will start moving before long. The first official estimate on the size of the crop also will be available shortly. The size of the crop will have an important bearing on whatever negotiations take place between the control board in Britain and the Canadian Government authorities. It will also have an influence on whatever buying is done on the open market at Winnipeg.

Montreal's Maturities To Come $3.7 Millions

From Our Own Correspondent

MONTREAL. — During the remainder of the year the City of Montreal has $291,452 of serial bonds and $3.4 millions of term bonds to refund or refinance. The bulk of these obligations mature in December, an amount of more than $3 million term bonds.

The city defaulted on previous issues this year, necessitating a large-scale reconstruction of the city's finances and administration. On June 1 maturities totalling more than $2.7 millions were not met. This followed principal default of $6.9 millions on May 15.

DIVIDEND NOTICES

Coniaurum Mines Limited

25 King Street West, Toronto
DIVIDEND NO. 13

NOTICE IS HEREBY GIVEN that a dividend of 4 cents per share has been declared by the Directors of Coniaurum Mines Limited, payable in Canadian Funds on September 25th, 1940, to shareholders of record September 14th, 1940.

By Order of the Board.
H. WHITTINGHAM,
Secretary-Treasurer.
Toronto, July 30th, 1940.

Blue Ribbon Corporation Limited

NOTICE is hereby given that a dividend of sixty-two and a half cents (62½c) per share on the Preferred Shares of the Company has been declared payable on and after the first day of August, 1940, to the holders of preference shares of record at the close of business on the 25th day of July, 1940.

DATED AT TORONTO this 25th day of July, 1940.
J. M. deC. O'GRADY, President.

Envelopes
for every purpose
Barber-Ellis
of Canada, Limited
TORONTO - BRANTFORD
BRANCHES FROM COAST TO COAST

60% of Fund For Troops Used Up For Expenses

Campaign Run by Stock Promoter Has Heavy Collection Costs

Expenses of collection and operation swallowed up almost 60% of the receipts taken in by the Sportsmen's Patriotic Association campaign conducted last fall and winter by F. H. Marples, Toronto dealer in unlisted mining securities. The drive was for the avowed purpose of raising funds for sports facilities and entertainment of Canadian troops.

About 25% of receipts went for postage and another 20% for salaries for Mr. Marples and the campaign staff.

This is shown by a report on the campaign issued by the Toronto Better Business Bureau, which gives an accounting of receipts and disbursements and a covering report by the chartered accountants firm retained by the association itself. This break down also shows that only 30% of gross receipts had been spent up to mid-April for benefit of the troops and related purposes. At that time the remaining 10% of the funds taken in was still in the bank.

The appeal for funds was coupled with an effort to revive the Sportsmen's Patriotic Association, which had an excellent record in the last war in auxiliary war work and raising of funds for troops. The campaign was undertaken by Mr. Marples with the support if not the actual sponsorship of the Canadian Olympic Committee. The committee made a contribution to the campaign in addition to advancing funds provisionally to launch the appeal. The money in both cases was drawn from funds raised by the committee to help send Canadian athletes to the Olympic Games, cancelled by war.

Linked to Committee

P. J. Mulqueen of Toronto is president of both the Olympic Committee and the S. P. A. Mr. Marples is treasurer of the committee and secretary of the Canadian Amateur Hockey Association. The secretary of the S. P. A. is W. A. Hewitt, manager of attractions at the Maple Leaf Gardens, Toronto's big hockey and sports arena.

Mr. Marples is a former food retailer who came to Toronto from Winnipeg. A previous effort of his at raising funds from the public was in handling the advertising for the programme of the British Empire Games a few years ago.

Cited in S. E. C. Complaint

Mr. Marples has for the past few years operated as a promoter and dealer in unlisted mining stocks in Toronto under the name of F. H. Marples & Co. This firm is one of those cited in a recent article in the New York Times on what was termed "Canadian share pushing," consisting chiefly of an interview with John T. Callahan, associate general counsel of the U. S. Securities & Exchange Commission.

In this Mr. Callahan listed a number of Canadian stock underwriters and dealers (including the Marples concern) which he said had been offering and selling mining stock issues in the United States during the past two years in violation of S. E. C. regulations.

Unregistered Stocks

Mr. Callahan also listed the stocks which these firms had been selling or seeking to sell. None of them, he said, were among the Canadian issues which might legally be sold in the United States by virtue of being registered under the Securities Act of 1933 or the Securities & Exchange Act of 1934. The Times quoted Callahan as concluding the interview with the following declaration:

> "Investors should take warning. Before putting any money into a Canadian proposition make sure that it has an effective registration with the SEC or has been exempted. If it hasn't, it is probably dishonest and certainly it is illegal to try to sell it here."

After the outbreak of war, stock selling operations were apparently insufficiently active to absorb Mr. Marples' full energies. In any event he undertook to revive the Sportsmen's Patriotic Association and conduct a campaign for funds. As war charities regulations forbade soliciting of funds on commission, Mr. Marples was put on the salary list of the campaign staff.

The S. P. A. office and campaign headquarters were established in the offices of F. H. Marples & Co. Despite this the list of campaign expenses of the S. P. A. includes an item of $620.65 for "rent, light and telephone."

Initial organization expenses were advanced by the Canadian Olympic Committee. This committee also turned over the net proceeds (listed in the accounting of S. P. A. receipts at $1.321.46) from its "dollar bill campaign" to help send Canadian athletes to the Olympic games. This campaign involved sending dollar bills to likely contributors and asking them to return them with matching or greater donations.

A similar device was used by Mr. Marples in his S. P. A. campaign. He sent out a large number of printed cheques for $1 each, drawn by the Olympic Committee in favor of the S. P. A. With them were covering letters explaining that the Committee would contribute $1 for every dollar raised by public contribution and asking that the cheques be returned with donations of $1 or more.

Donations of Committee

It was intimated the committee would contribute to the campaign on this basis up to $3,000. Auditors' report made public by the Toronto Better Business Bureau shows $1,321 contributed to the S. P. A. as the net proceeds of the Olympic Committee's "dollar bill campaign." The accounting also lists another contribution of $1,000 by the committee. A deduction is shown later in the analysis of "contributions of Canadian Olympic Committee to 'dollar cheque campaign' refunded, $1,000." Also listed is an item of "cash in bank Sept. 8, 1939, $894.61," but it does not state whether this was advanced by the Olympic Committee or from other sources; or whether the $1,000 deduction was to offset this item.

Registered at Ottawa

Another sidelight on the "dollar cheque campaign" is that the S. P. A. was given registration under the War Charities Act. But, it is understood, the implied sanction of its campaign was to apply, in the belief of registration officials, only to the "dollar cheque" solicitation up to the $3,000 limit of the Olympic Committee's matching contribution. Actually, investigators say, at least 50,000 and possibly up to 80,000 solicitations were sent out.

When the broader scope of the campaign and some of its other features were brought to the attention of registration officials, it is reported, they had a special audit made of the S. P. A. accounts and requested the association to end its campaign for funds.

Public Gives $19,873

However, before the campaign was cut short, it had raised $19,873 from public contributions. Together with the donations of the Olympic Committee and a small amount of merchandise credits obtained, this brought gross receipts to $22,344, it is shown by the accounting checked by the S. P. A.'s own auditors. Of this a total of $13,319 went for collection and operating expenses, as follows:

Disbursements from Gross Receipts

	$
Expenses:	
Postage	5,473.97
*Salaries and wages	4,374.12
Printing	2,262.77
Rent, light & telephone	620.65
Miscellaneous	206.08
Travelling expenses	198.94
Stationery & office supplies	145.11
Express	26.85
Bank charges	8.69
	13,319.18

*The accounting does not show how much of this went to Mr. Marples, though The Financial Post is informed that partial figures indicate he received at least $525 in salary up to the end of Dec., 1939.

This left a net of $8,987 available for the purposes of the campaign. Deduction of the $1,000 refund to the Olympic Committee of contributions to the dollar cheque campaign, and addition of $894 cash in bank Sept. 8, 1939, plus $405 "receipts from hockey games," brought the final net to be spent up to $9,289. This amount was spent as follows:

Disbursements from Net Fund

	$
Sporting equipment for troops	4,217.14
Tickets for hockey games for troops	497.00
Contributions for entertainment of and sporting equipment for troops	1,300.00
Apples purchased for troops at Aldershot, England	110.00
*O. H. A. fees	27.00
Transportation of troops to sporting events	275.00
Entertainment of troops	114.00
Donation to Toronto Finnish Relief Committee	200.00
Donation to soldier's wife robbed of allowance	25.00
Travelling & sundry expenses	35.00
Flowers	15.00
Printing	5.94
Total	6,821.08
Balance April 17, 1940:	
Cash in bank	2,177.04
Merchandise credits not yet taken	291.05
	2,468.09
Total	9,289.17

*Ontario Hockey Association.

Comment of Auditors

In its report accompanying the statement of receipts and expenditures the S. P. A. auditors, the chartered accountants firm of McDonald, Nicholson & Co., comments in part as follows:

> "We understand that all arrangements with Mr. Marples in connection with the above-mentioned campaign have been verbal, and in the absence of specific authorization for expense allowances we have accepted as correct the charges evidenced by the records. . . .
>
> "Expenses of the campaign, as indicated by the records, have not been completely substantiated by supporting vouchers. Vouchers submitted in support of expenses have included amounts charged to the Sportsmen's Patriotic Association by F. H. Marples & Co., as well as accounts rendered in the name of F. H. Marples & Co., the Canadian Olympic Committee and others, who, we have been informed, were authorized to incur expenditures in connection with the 'Dollar Cheque Campaign.'"

The Better Business Bureau reports that it is informed a mailing list containing approximately 80,000 names, together with addresses, was turned over by the S. P. A. to the Canadian Red Cross Society. The list is valued at $2,000 by a firm of auditors, and under the heading of contingent assets of the association at $4,000.

The Post-Bag

Quiz Programme

A reader, J. Treiffler of Toronto, sends us this question:

> When Simon Simple went to work in Abie Finkelstein's garage they agreed that he should stay for four years and that his wages should be raised 1% each year.
>
> In his second year Simon's national defense tax was $6 greater than in his first; in his third year it was six cents more than twice as great as in his second; and in his fourth it was 30 cents more than in his third.
>
> What were his wages in these years respectively, assuming the present rates of national defense tax to apply throughout?

Answer at bottom of the column.

• • •

Still More About SK

The combination of SK appears to be gathering weight. We have already given three instances of where this combination of letters has more than ordinary significance.

Now a correspondent in New York writes in to give us another example. He points out that SK stands for Southern Kraft Corp., one of International Paper Co.'s largest and certainly most profitable divisions.

• • •

News For Sale

When the Canadian Weekly Newspaper Association met in Calgary last month they received an offer from Canadian Press to provide a weekly mail newspaper service for member papers at $2,000 a week, plus a bulletin service of spot news breaking on the morning of publication date. Rates for each paper would vary according to amount of circulation, etc.

The proposal was put forward as a "public service" and not with the motive of making a dollars and cents profit.

• • •

Prime Minister Bevan

Writes a well-informed British correspondent:

> "Everybody speaks of Bevan as the next or at any rate as a future Prime Minister."

• • •

Example to Hitler

Ontario Hydro Bulletin has an article on "The Care of Poles." Reading it, we obtain the impression that electric utilities are kinder to the poles under their charge than Hitler is to the Poles under his control.

• • •

Paris of New World

One of Canada's large buyers of women's wear suggests to The Financial Post that Montreal has the best chance of any city on the continent of becoming the style centre of North America. Paris cannot be a fashion centre again until after the war. In the meantime, why not assemble in Montreal the refugee stylists from Paris and start a new centre, he asks.

Why Montreal? Because it has a French background and is the only real glamour city in North America.

Why not Hollywood? Because Hollywood is the world's centre for sports fashions and will never be more than that.

But, warns this buyer, no city can become a fashion centre until a combination of artists and industrialists produces a rich variety of individual fabrics for stylists to work with. It's not only the design of the clothes but the pattern of the fabrics that makes style, he emphasized.

• • •

3-Dimension Quints

World's Fair visitors who find their way to the Canadian Pavilion will be rewarded with some good movies. A striking feature is the use of third-dimensional films, recently taken across Canada. Visitors are given special glasses through which to view the pictures. They are then permitted to carry the glasses away as an invitation to visit Canada.

Most popular of the three-dimension pictures are those taken of the Quintuplets at Callander.

• • •

Flags in Wartime

Notable in Canada is the scarcity of flags and other patriotic emblems which usually blossom forth in wartime. On the other hand, cottages in the lake districts show more flags than usual, probably a continuing result of last summer's enormous purchases of flags by private citizens who wanted to honor the King and Queen.

• • •

Courteous Minister

Canada's new Minister of Trade and Commerce, Hon. James A. MacKinnon, has a reputation for promptness. He prides himself on the fact that he keeps a clean desk. When he gets a letter that he is not going to be able to answer in full for a few days he acknowledges it with a brief note.

There's an example in courtesy many businessmen could follow.

• • •

Quiz Answer

Here is the answer Mr. Treiffler gives to his puzzle:

	Income	Tax
	$	$
First year	600	nil
Second year	606	6
Third year	612.06	*12.06
Fourth year	618.18	*12.36

*No tax so as to reduce income below $600.

Revision Slight S.C. Text Book

Alberta Version of "World Today" Said as Offensive as Ever

"Just as offensive as ever" is the verdict of business interests which have examined the revised edition of "The World of Today," a textbook for Alberta high schools. "It is still very clearly a propagandist work designed to sell school children the idea that the Nazis and Communists are right and that Canada and the rest of the democracies are all wrong," one man observed.

The volume, written by W. D. McDougall and Gilbert Paterson and published by the Ryerson Press, drew vigorous protests many months ago. A few of the more interesting passages in which the authors apparently sought to lead their child readers to the conclusion that Social Credit, Communism and Naziism were in many or most respects preferable to democracy were reported in The Financial Post.

Slight Revision

Following this, Premier William Aberhart appointed a committee to examine the book. This committee has made its report. Publishers and Alberta authorities now claim that the book has been revised. But the changes are very slight, The Post is informed, being limited only to an occasional change of phrase, a softening of an adjective here and there, an occasional omission of a glowing reference to Communism.

Business generally is still held up to the students as an undesirable relic of a dark age of injustice; the Canadian way of life as inefficient, unjust and nonsensical and Britain and her late Allies to blame for the present war.

Certain business interests are having their legal position examined in view of the expected forthcoming publication. The "revised" edition is now on the press and is slated for distribution in Alberta schools this fall.

It is pointed out in certain quarters that the volume may be the object of attention—and action—under the terms of the Defense of Canada regulations.

Ship Building Needs Are Met

No Question of Expropriation of Plants Yet, Ottawa View

From Our Own Correspondent

OTTAWA.—All requisitions for the construction of naval vessels are being filled at the present time, without calling on the Midland Shipbuilding Company, and the question of expropriation of the Midland yards has not come up.

Failure of Roy M. Wolvin, proprietor of the Midland Company, and the Department of Munitions and Supply to agree on contract terms is understood to be the reason why no contracts are being filled by the company at the present time. Recently the Midland Town Council, at a special meeting, called on the department to expropriate the yards.

The question of expropriation of a private plant to fill a government war contract has not come up so far, although Hon. C. D. Howe, Minister of Munitions and Supply, said in Parliament that the Government was prepared to use the power given it under the Munitions and Supply Act. It is understood that Mr. Wolvin and his associates tendered on mine sweepers, but their bid was turned down and the contract was let elsewhere.

Canada-Newfoundland Phone Link Reopened

From Our Own Correspondent

MONTREAL. — Radio telephone service between Canada and Newfoundland, suspended at the outbreak of the war, has been brought into service again. All calls are subject to Government censorship.

Telephone service between the two countries was started at the beginning of last year. The service was provided through the co-operation of three companies—Bell Telephone Co. of Canada, Canadian Marconi Co. and Avalon Telephone Co. of Newfoundland.

While the restrictions of telephone communication between Canada and Newfoundland have been lifted, overseas circuits between Canada and Great Britain are still unavailable for commercial purposes.

T.C.A. Reports Half Year Gain

Returns For Six Months Indicate Wide Use of Facilities

From Our Own Correspondent

MONTREAL.—Volume of traffic handled by the Trans-Canada Air Lines for the first half of the current year shows a substantial increase over the like period of 1939.

The number of passengers carried increased from 5,853 to 21,884. Transcontinental schedules were in effect only three months of the six last year, but in the corresponding three months this year—April, May and June—15,238 passengers were carried compared with 5,853 in 1939.

Handle More Mail

In the first half of 1940, mail amounted to 295,710 lb. This compares with 192,148 in 1939, an increase of 103,562 lb.

Express increased from 16,876 lb. to 41,814.

Figures for June, 1940, show 4,682 passengers, 52,530 lb. of mail and 8,188 lb. of express. For the record month of May, 1940, the T. C. A. carried 4,962 passengers, 58,843 lb. of mail and 8,699 lb. of express.

The falling off in traffic last month was due to a shorter month and to limitation of Montreal-Moncton traffic owing to field conditions.

This week service has been extended from Toronto to Windsor via London, Ont.

National Building Code Sections Are Issued

Two more sections of the projected National Building Code have been issued by the committee on health and sanitation for the code, and published by the National Research Council. The sections consist of a standard plumbing by-law and a general outline of building requirements bearing on health and sanitation.

Issuance of the documents is in line with the decision to issue parts of the code as they become available.

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Ford Hotel Plans Near Fruition

Hope to Start Work Soon on New Unit in Ottawa

Plans for erection of a moderate cost hotel in Ottawa by the Ford Hotels Co. are approaching actual construction, according to latest reports. Original scheme for a 350-room structure costing $900,000 to $1 million, has been revised several times to conform to the Government's long-term plan to beautify the capital and harmonize architecture in the central part of the city. Current estimates place cost of the new hotel at $1.3 million.

It is now proposed to erect the hotel with Canadian limestone finish, on a site occupying a full block frontage on the fringe of the downtown district. Work on the project may start within the next two or three weeks.

Fixed assessment on two thirds of the cost of the project was granted by the Ottawa city council some time ago, and it is understood some local capital for the plan was raised. It is probable the hotel will be operated by a local subsidiary of the Ford Hotels Co. of Rochester, which already operates hotels through such subsidiaries in Toronto and Montreal.

Large Firms Sponsor Plans for Refugees

From Our Own Correspondent

OTTAWA. — Expansion of the scheme already launched by several large firms, by which employees take in children of employees of affiliated firms or corresponding industries in the United Kingdom, is foreseen by Ottawa officials. They hope it will offset the virtual breakdown of the movement of children to Canada from England.

Already several hundred children have been placed on the new basis, without reference to the Government-sponsored scheme halted by the British authorities.

Confirmation that several hundred children were stranded in Canada by failure of would-be hosts to accept the responsibility for them, after discovering that the English parents or guardians of the children would be unable to send them money, was given by F. C. Blair, Director of Immigration.

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Investment Trends

Delaying of Blitzkrieg Improves Sentiment

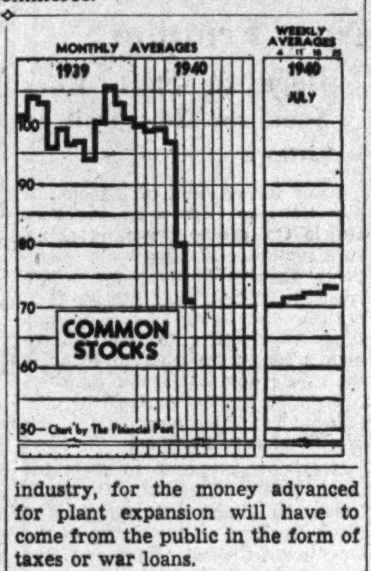
Postponement of "All-out" Attack Responsible For Some Revival of Confidence — Break for Depressed Industries

The longer "total" war upon Britain is postponed the greater confidence should grow that the Nazi tide will be stemmed. Since the expected blow did not fall immediately upon the French collapse, sentiment has become gradually better.

This factor is an extremely important one both to North American and British security markets. Their dullness in the past few weeks may be ascribed almost wholly to the indecisive nature of the war at the moment and the realization of the vast process of change now under way. Win or lose, it is reasoned, the capitalistic democracies will most certainly emerge from the conflict as greatly changed entities, economically and politically.

Any trend favorable to Britain may be expected to act favorably upon the movement of security prices. A British victory would signify maintenance of at least some of the features of present methods of finance and industry, trade and commerce.

* * *



Selective Buying

A small amount of selective buying occurred in the past few days, but offers to sell have been extremely restricted. At present prices many stocks are regarded as attractive purchases, but the majority of stock holders are standing pat with the securities they now hold. Prices have fluctuated in a very narrow range with slightly higher levels in some classes.

Trading has remained almost immobilized and investors see little reason to believe that markets will undergo any quick change in the near future.

In the United States the national election should be a most potent factor in influencing stock markets in the Republic. If hostilities are still in progress at the time of the election the fortunes of Britain in battle will exert a great pressure upon the people's choice. Election of Willkie is reported more agreeable to the majority of security holders than re-election of President Roosevelt.

* * *

"Depressed Industry"

Application of the "excess" profits tax is looming large in the calculations of investors and even speculators, though there are very few of the latter left in the market these days. There are several very clearly defined groups of companies which will apply for special treatment under the Act.

One feature of the new legislature that has received little or no consideration to date is that the review board can give a ruling permitting a company to earn on the determined capital a minimum of 5% up to a maximum of 10%. The first act allowed a return of 5% on capital. Many have naturally assumed that the amended legislation would make the same provision.

This means that in some instances a company may be permitted to earn twice as much as had been expected before the E.P.T. goes into effect.

* * *

U. S. Holdings

Several months ago Canadians holding American securities or exchange had to report them to the Foreign Exchange Control Board. This was done as a routine matter, no particular significance attaching to the move.

While there is nothing official from Ottawa, the opinion is steadily growing that unless we can get more American dollars to meet our obligations in that country, the F. E. C. B. may take more than a casual interest in domestic holdings of U. S. securities. If that happens it will not come as a shock, as in banking and financial circles it has been talked of as a near term possibility for several weeks past.

* * *

Financing War Work

Possibility of financing expanding business by stock offerings does not appear very promising at this stage, especially for those companies engaged in handling Government contracts. In many instances the Government has been financing plant expansion to take care of war orders. But there are cases where the company involved would rather finance expansion on its own credit. For some reason or other, the Government has refused to allow this to be done.

It is readily understandable how some companies—in fact the majority—would prefer that the Government finance any plant expansion on war account, but it is difficult to understand why it would prevent the raising of private capital for that purpose.

In underwriting circles the opinion is growing that as far as the war effort is concerned, the public will not be asked to put up money for capital account. In a sense it is a form of close Government control of industry, for the money advanced for plant expansion will have to come from the public in the form of taxes or war loans.

* * *

Large Profits

Large profits are made by those purchasing securities during periods of speculative apathy and general pessimism, F. H. Deacon & Co., members of the Toronto Stock Exchange, conclude from more than 40 years' experience in the investment business.

In a letter to clients, the company states that "one need only recall the sharp advances following the stagnant markets of August, 1939, September, 1938, June, 1938, as well as similar prior periods—notably 1932" —to find frequent illustration of this point.

One of the main differences, the letter continues, between the present period of low security prices and those of recent years is that current industrial activity is at a record high. Even after new taxes, the majority of stocks should be able to maintain current dividends. Some of the best stocks are presently yielding from 6 to 11%.

Many people will not buy now. Deacon & Co. points out, because they think stocks will sell a little lower if, as and when an invasion of Britain is attempted. They fail to realize, however, the letter continues, that the markets have been discounting this development for weeks. It adds there was general feeling that the outbreak of war last year would bring a market collapse, but within three days the markets were about 20 points higher.

Can. Wineries Sales Hold

Sales of Canadian Wineries, Ltd., have held up satisfactorily since beginning of the current fiscal year on May 1, The Financial Post is informed by officials. Earnings, however, may be off a little from the comparable period of the previous year as a result of higher taxes. Earnings in year ended April 30, last, were equal to 42 cents per share on the common stock, compared with 40 cents in the previous year.

The company probably will be favorably affected by the elimination of France and Italy by the war. The company produces in Canada Italian and French type wines with processes obtained from overseas.

Serving English Market

In addition to supplying the domestic market, the company is exporting one product—grape juice—to England in large quantities. Shipping costs have been increased since the beginning of the war, but no difficulty has been encountered in obtaining the necessary shipping space. Not a shipment has been lost since September.

The new plant at Lachine, Que., is now in operation and vats have just been filled up. This wine will age four or five years, but in the meantime the plant will supply revenue by serving the Quebec market with wines aged at other plants. The new plant is expected to facilitate marketing throughout the province.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-39:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1940:												
Monthly Figures:												
Jan.	134.3	24.5	98.8	155.8	86.4	183.0	135.4	150.7	61.3	84.5	45.7	99.7
Feb.	129.3	23.4	98.4	158.2	90.7	184.3	134.0	146.8	60.3	84.3	45.3	99.0
Mar.	134.1	22.9	96.5	155.4	91.4	185.7	135.4	146.5	61.1	85.1	47.1	99.1
Apr.	132.5	24.6	95.9	147.6	91.6	184.7	137.9	146.4	61.9	83.8	47.1	97.0
May	102.6	16.3	77.6	124.7	80.5	165.0	117.9	115.8	52.0	79.7	39.4	80.4
June	93.2	13.1	62.9	100.2	70.3	144.1	106.9	103.3	47.0	74.7	35.8	71.9
Weekly Figures:												
July 4	85.7	12.7	61.1	94.6	70.9	145.6	107.0	99.1	46.8	70.0	35.1	70.2
July 11	86.9	13.1	66.2	99.4	72.4	144.5	107.6	99.3	46.4	69.2	34.5	70.6
July 18	89.6	13.4	67.9	101.0	74.0	144.6	114.8	101.4	47.0	69.7	35.6	72.0
July 25	91.7	13.5	70.0	103.6	74.8	145.9	117.6	101.5	47.7	70.3	35.9	73.1

*High and low for year from 1929 to 1939 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	Golds	10 B.M.	15 W.O.
July 30	94.94	90.67	62.80	20.46
July 29	93.07	90.39	61.38	19.99
July 27	92.79	89.62	60.71	20.08
July 26	91.90	88.28	60.33	20.00
July 25	91.47	86.89	59.98	20.03
July 24	91.04	85.73	59.89	20.03
Month ago	87.04	79.02	57.59	19.07
Year ago	113.38	122.48	90.00	28.75
High, 1940	128.84	123.80	88.97	33.51
Low, 1940	86.00	77.34	56.81	18.44

Montreal Stock Exchange Average

	10 Util.	20 Ind.	30 Chd.	10 Pprs.	15 Golds
July 30	53.7	62.4	59.5	87.04	64.80
July 29	53.5	59.8	57.6	80.51	65.05
July 27	53.6	59.5	57.6	79.67	63.80
July 26	53.6	59.3	57.4	78.02	62.65
July 25	53.6	58.6	56.9	74.27	62.38
July 24	53.6	58.4	56.8	74.40	62.24
Month ago	51.0	57.0	55.0	71.44	57.25
Year ago	67.0	73.3	71.2	74.66	111.96
High 1940	69.2	92.2	84.4	152.63	100.81
Low 1940	50.7	56.0	54.7	66.44	55.16

Cut in Output Likely to Hit Inter. Pete

Venezuelan Production Cut 25% By Loss of French Market — Outlook Confused

Reduction of production of Venezuelan oil from nearly 600,000 to 450,000 barrels daily, due principally to loss of the French market, likely will have an adverse effect on International Petroleum Co., The Financial Post understands.

The company does not own its own oil wells in the South American country, but has been obtaining supplies under contract from other companies. Gulf Oil Co. has been supplying about 22,000 barrels daily this year prior to the curtailment while a contract with Mene Grande Oil Co. resulted in daily delivery of about 17,000 barrels last year. The figure probably has been higher in 1940. It is reported that more than 25% of International Pete's supplies now come from Venezuela.

No recent figures are available as to where the company does its marketing. During the fiscal year ended June 30, 1938, however, distribution of its crude oil market was as follows:

Distribution of Marketing

	%
Canada	23.3
United States	0.9
Central, South America & West Indies	51.4
Europe	24.4

In the year ended Dec. 31, 1939, 23.1% of production was marketed in Canada, but other figures have not been released.

The demand recently has favored higher grades of crude oil, such as are being produced in Venezuela this year for the first time by Gulf Oil and Creole Petroleum.

Outlook Uncertain

Whether the curtailment is temporary or likely will be followed by even more drastic restrictive measures is believed to depend largely on near term war developments. Should the enemy be able to more effectively blockade England, shipments of Venezuela oil to that country would have to be curtailed. Should the blockade, on the other hand, affect shipments from the Near and Far East, but not those from the western hemisphere, British purchases of Venezuelan oil might increase sharply.

Venezuela has been shipping comparatively large quantities of oil to the United States this year. Because of overproduction in the U.S., however, campaigning has been carried out against the imports.

Had Expected Bigger Volume

International Pete had been looking to the larger volume of oil expected to be sold from the Venezuelan fields to better its position in 1940. The company has made tremendous new investments there recently in connection with opening up new fields. Work on the Oficina field last summer reached the stage where a pipe line to seaboard was justified. The line started handling oil in December.

During the year another entirely new field, San Joaquin, has started delivering an initial production to the Mene Grande pipe line. A short line to connect San Joaquin with the main Oficina one also has been under construction this year. Other new fields, Santa Anna, Santa Rosa and Maracaibo have been the object of extensive exploration.

The curtailment of production will tend to restrict further exploration and development.

Earnings Climb For Silverwood

Increased Taxes Offset Improvement — Company Now in Best Season

Good improvement in earnings has been shown by Silverwood Dairies Ltd. in the first four months of the current year, which began April 1, as compared with the same period in 1939, The Financial Post learns. Earnings equal to 52 cents on the common stock in year ended March 31, last, were the highest since 1933.

The increase for the four months has been sufficient to about offset increased corporation taxes, it is understood. However, as the company enjoys its best business in the summer months, it cannot be said this necessarily will hold true for the balance of the year.

Business from ice cream sales is now at the height of the season. Net results of this division are being favorably affected by an arrangement made with Ontario dealers to share the sales tax formerly paid in full by the manufacturer.

The company will be required to make an adjustment on taxes for the final three months of the latest fiscal year ended March 31. The higher corporation and revised "excess" profits tax are retroactive to Jan. 1, last. On basis of 1939-40 earnings, the company would be subject to the revised "excess" profits tax, and after allowing for this, the margin of earnings on common stock would be reduced from 52 to 23 cents, according to estimates of The Financial Post.

The higher taxes may result in a delay in making an initial distribution on the common stock, and if a dividend is paid it probably will be less than otherwise would be considered. Arrears on the preferred stock were eliminated with payment of 20 cents per share on July 2, and last month A. E. Silverwood, president, stated common shareholders could look forward to a dividend. Cumulative dividends on this class of stock totalled $1.60 per share on April 1.

Industrial Acceptance—Both the volume of business and earnings of the company to date have held up to last year's level. It is difficult to say if returns for the full year will equal those of 1939, as it is not possible at this juncture to estimate the extent of new taxes.

Market Opinions

Market commentators find there is basic soundness in spite of uncertainties. Hitler still holds the whip hand, however, and traders are waiting his lead.

Brookmire Counselor, N.Y.—The earning power currently being demonstrated further corroborates the view that stock prices appear undervalued and have discounted much bad news. Yet the market may be subjected to a test if, for example, reports of severe destruction by attacks on England were to come, or a peace readjustment were to heave into sight. Recognition of the possibility of such future shocks should not obscure the sound domestic basis for retaining logically balanced portfolios.

* * *

Financial World, N.Y.—One development from which considerable encouragement can be derived is the manner in which the new security market has reopened in recent weeks. The successful sale of the numerous bonds and stocks that have been offered seems conclusive evidence of the existence of a latent investment demand, which should sooner or later make itself felt in the market for listed securities.

At such time it would find the stock market in good position to respond to the revival of interest. Stock yields are generous and far out of line with yields obtainable from investment grade bonds. Speculative positions have been largely eliminated, as attested by the record low level of brokers' loans. And while a larger share of corporate earnings is destined to go to the tax collector, further significant improvement in total profits is nevertheless in prospect.

All in all the present situation seems to call for retention of good dividend-paying stocks, rather than liquidation of holdings because of the admitted uncertainties in parts of the general picture.

* * *

The Annalist, N.Y.—The market has now been fluctuating in a narrow trading range for about five weeks. At times it is possible to gain some idea of the next important movement of the market from the character of such an area, but in the present instance this is not the case. The fact that the market has held its advance of the second week in June and that trading has become very light is on the whole a favorable symptom, as is also the fact that a number of important stocks have tended to work higher during this period.

But as yet the stock market has failed to respond to the rather marked improvement in bonds that has occurred since the trading area in stocks began.

* * *

The Trader (Barron's), N.Y.—Indices of business activity and volume of incoming orders have lately been declining, not, as yet, to a significant degree, but suggestive of a possible temporary interruption in the rate of revival. Nevertheless, earnings and dividends on all sides leave little to be desired. Never before has there been so wide a disparity between business activity, earning power and the prices of stocks.

The answer, of course, lies in an acute fear psychology. It is safe to say that nine out of 10 investors or speculators are of the opinion that the pending German blitzkrieg against England will so demoralize the stock market as to produce the bargains of a century. Can it be that mass opinion, so erroneous in 1929, 1933 and 1937, is to be correct in 1940?

Firms All Taxed Equally Under Revised E. P.T.

The "excess" profits tax will amount to 80% of any earnings over average of the last four years, The Financial Post finds. The levy on companies' increased earnings has been widely assumed as a straight 75% on "excess" profits.

The figure is 79½% in the case of companies with non-consolidated statements. This leaves only 20 or 20½ cents of each dollar of higher earnings to go into company treasuries.

This applies, of course, to firms subject to the "excess" profits tax rather than the straight 30% on all net earnings (32% on consolidated returns), which includes the basic 18% or 20% corporation tax. Companies must pay on whichever basis yields the greater total tax.

Those subject to the "excess" profits levy must first pay the basic 20% corporation tax on all earnings, including any above the four-year average. This is deducted in computing the net "excess" margin subject to E.P.T.

The 75% "excess" levy on the remainder thus amounts to only 60% of the above-average margin before the deduction of the regular corporation tax. But the regular and "excess" tax together equal 80% of the gross margin.

The two taxes work out at 18% and 61½%, or a combined total of 79½%, for companies filing non-consolidated returns.

Same Percentage

There has been some misunderstanding the tax might work differently on various companies. But the Government will get the same percentage from all companies, no matter how much a year's profits are above the four-year average. The accompanying table of representative companies illustrates this point

Six companies are shown, three of which have consolidated statements and are subject to a 20% corporation tax. The other three are non-consolidated statements, subject to an 18% corporation tax.

In the case of Aluminium Ltd., for instance, earnings averaged $11.5 millions for the four years, 1936-39. If, for example, profits were higher by 25% than the four-year average, the increase would equal $2.9 millions. About $2.3 millions or 80% of this would go to the Government, leaving a balance of $600,000, or 20% for the company.

The experience of Aluminium is shared by the other five companies shown. The experience of all six companies probably is shared by every other Canadian company. No matter whether profits are 25%, 49% or 300% higher than the four-year average, the same percentages prevail. Total of 79½% or 80% of "excess" goes to the Government.

Can Expand Plants

On this basis, expenditures which companies have delayed or postponed or that would not be made ordinarily can now be undertaken at a cost of 20 cents on the dollar. The funds can be turned toward plant expansion or modernization, increased wages, public relations or profit-sharing schemes with employees. The Financial Post learns that a number of companies have already given consideration to such proposals, and the latter scheme of profit-sharing with employees is understood to be under way already in some cases.

In the case of plant, a company can make a $100,000 addition and be sure of at least an $8,000 saving. The Government allows 10%—or $10,000 in this case — of the amount expended to be amortized the first year. A company with consolidated returns could use $8,000, which otherwise would go to "excess" profits and add $2,000 to it from company account.

Should the company continue to make "excess" profits for ten years and the tax remained in force that long, a $100,000 plant would be had for $20,000. In any case, even the first year's saving probably would be sufficiently substantial to justify such an expenditure.

TOTAL EARNINGS

	4-year Aver. *1936-39	Increase Over 4-year *Average		Total Taxes	Amount to Govt.	Amount to Co.
	$	%	$	$	%	%
Co's. Subject to 20% Corp. Tax:						
Aluminium	11,453,688	25	2,863,422	2,290,738	80	20
B. A. Oil†	3,575,923	50	1,787,961	1,430,369	80	20
Hiram Walker	7,090,496	75	5,317,872	4,254,430	80	20
Co's. Subject to 18% Corp. Tax:						
Asbestos	947,041	100	947,041	752,898	79.5	20.5
Bell Telephone	7,234,267	200	14,468,534	11,502,485	79.5	20.5
Ford Motor‡	3,863,848	300	11,591,544	9,215,277	79.5	20.5

*After taxes. †Based on income from Canadian operations only.
‡After income taxes for operations outside of Canada.

Quinte Milk Prod. Sales Advance

Company Expects Bigger Export Sale of "Sugar of Milk"

A. L. A. Richardson, president of Quinte Milk Products Ltd., Wellington, Ont., reports sales volume substantially increased in the first seven months of 1940, compared with the same period in 1939.

There has been a narrowing of the spread between buying and selling prices and some increase in expenses, says Mr. Richardson. He notes that, as the sole producer of "sugar of milk" in Canada, the company is becoming of increasing importance to the British market. The product is used in the drug trade in the manufacture of hypodermic tablets, etc., and for the production of infant foods. Supplies from Holland—hitherto a large world exporter— have been cut off.

Pays Dividend

The company paid a dividend of 10 cents per share on Aug. 1, bringing total for year up to 20 cents, compared with 15 cents in each of 1939 and 1938.

Payment has been received in full for shares underwritten and offered to shareholders. This has enabled the company to proceed with its modernization and enlargement programme according to schedule. Outstanding capitalization now consists of 42,500 common shares.

The company intends to apply to the Government board for some consideration in connection with the new "excess" profits tax. According to Mr. Richardson, the four-year average of earnings from 1936 to 1939 does not give an average commensurate with current earning power due to plant expenditures and increased efficiency since 1936.

Eastern Steel Plants Busy

Sufficient Business on Hand to Maintain Near Capacity Until Fall

The three plants of Eastern Steel Products Ltd., at Preston, Ont., Toronto and Montreal, are at or near full capacity, The Financial Post learns.

Sufficient business is reported on the books to maintain a high rate of production well into the fall, so results for fiscal year ending Nov. 30 next promise to be better than in the 1939 year, when earnings of $1.13 on the common stock were more than double the 1938 figures. In April, H. A. Greene, vice-president, reported business since Dec. 1 last as 50% above the corresponding period of the previous year.

Primary factor in the improvement is the upturn in the construction industry. The company is engaged primarily in the manufacture and installation of sheet metal and other building materials, the erection of sheet metal buildings and the manufacture and sale of sheet metal and associated products.

Direct government war orders have been negligible, but indirectly the company is understood to have received considerable business for the construction of new military buildings, also hangars, workshops, etc., at bases being established for the air training scheme.

Quebec North Shore Co. Seeks More Water

From Our Own Correspondent

MONTREAL. — Quebec North Shore Paper Co., a wholly owned subsidiary of Ontario Paper Co., is asking the Quebec Government for authorization to utilize an additional waterhead of 7½ ft. to its power development at Outardes River.

C. P. R. Profit Is Highest in Decade

Returns in June and Half Year Ended June Best Since 1930

From Our Own Correspondent

MONTREAL.—Both gross and net operating revenues of the Canadian Pacific Railway in June and for the half year ended June reached the highest level for any like period in the past 10 years.

The weekly statements indicated that gross revenue was substantially ahead of last year, but there was no indication of the proportion of the gain that would be reflected in net earnings.

For the first half of the year gross operating income was just under $75.4 millions. This contrasts with $61.8 millions for the same period last year.

Gain of 136%

Operating expenses showed an increase during the past half year of around $6 millions, leaving net operating income at $12,636,006. This contrasts with $5,351,343 for the corresponding period of 1939, an increase of 136%.

The monthly returns for June showed a gross operating income of slightly less than $14.2 millions, a gain of nearly 40% over that for the same month last year. Net income at $2.9 millions compared with $1.1 million a year ago.

Details of Income

Comparative figures on operating revenue follow:

June	1940	1939
	$	$
Oper. revenue	14,191,707	10,354,157
Oper. expenses	11,268,653	9,290,839
Net income	2,923,054	1,063,318
Six Months Ended June	1940	1939
	$	$
Oper. revenue	75,384,672	61,807,844
Oper. expenses	62,748,665	56,456,500
Net income	12,636,006	5,351,344

B. C. Salmon Pack Is "Good Average"

No Slump in Fishing Volume This Season But Markets Uncertain

From Our Own Correspondent

VANCOUVER. — Although faced by market uncertainties, salmon canners in British Columbia expect a "good average" pack.

The sockeye pack for the first three weeks of the current season showed a large increase over the corresponding period last year, with 143,868 cases of sockeye, compared with 103,444 cases for last season at the same date. The figure was below the 1938 figure, 151,356 cases, however.

Largest packs were recorded in the Skeena River, where 53,222 cases were packed, an increase over the 1939 total of 46,941 cases. The best sockeye run in years is reported in that area.

Upward trend is shown in springs, cohoes and pinks, with declines in steelheads, bluebacks and chums.

The pilchard situation is rather disturbing. The Canadian market usually accounts for only about 20% of the business. The United Kingdom has so far shown little interest, and continental Europe, usually a big importer of fish oil, is out of the picture. Prices have slumped appreciably in recent weeks, and whale oil has tumbled by one third.

The United States market is barred by tariff restrictions, and licensing of imports will curtail sales to Australia and New Zealand. In prewar times Australasia was an important outlet for canned pilchard.

Fishing is active, however, and a large pack is expected.

Mexican Light Pays Interest

Arrangements Cover Period Since Feb. 1 When Bonds Matured

The Mexican Light & Power Co. has given notice that, on and after Aug. 1, it will pay interest at the rate of 5% per annum on the 5% first mortgage bonds for period Feb. 1-Aug. 1. The bonds matured Feb. 1 last.

As no coupon is attached, this payment will be made upon presentation of the bonds for endorsement at the chief office of the Bank of Montreal at Montreal or Toronto; agency of the Bank in New York; or chief office of the bank in London. Interest will be paid in U. S. funds, subject, in England and Canada, to exchange control.

Arrangements are being made to avoid the necessity of holders producing bonds for a meeting planned for the fall. The meeting will consider reorganization plans now being formulated. Registers for interest payments will be opened at Montreal, Toronto, New York and London, and it is recommended that holders have bonds registered in their names at the time interest is paid. Such registrations will be free of cost to the holders.

Twin City Rap. Transit Net Drops in Half Year

Twin City Rapid Transit Co. and subsidiaries report net income of $92,282 for the first half of 1940, down nearly $40,000 from the same period in 1939. Operating costs were reduced, but the drop was less sharp than the decline in operating revenue.

Consol. Earnings* Statement Six Months Ended June 30

	1940	1939
	$	$
Operating revenue	4,289,151	4,363,675
Less: Oper. exps. & taxes	3,735,443	3,745,624
Net oper. revenue	553,708	618,051
Add: Other income	7,358	7,568
Gross income	561,066	625,619
Less: Int. on funded debt	430,615	453,993
Amort. of disc. on f. d.	30,059	31,731
Miscel. debits	8,109	8,432
Net income	92,283	131,463
Times Fixed Chgs. Earned	1.20	1.272

*Subject to independent audit and year-end adjustments.

WE SHALL prosecute the war with the utmost vigor, by all the means that are open to us until the righteous purposes for which we entered upon it have been in all respects fulfilled.

Rt. Hon. Winston Churchill
July 4, 1940.

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Bathurst Paper Sets Record

Current Income Before Taxes Highest in Company's History

From Our Own Correspondent

MONTREAL. — Volume of business handled by Bathurst Power & Paper Co. for the first six months of 1940 was the highest in the history of the company, according to an official statement realized by R. L. Weldon, president, who goes on to say that prospects for the balance of the year continue on a satisfactory basis.

Earnings for the half year, after providing for depreciation and depletion, and subject to audit and year-end adjustments, but before making provision for Federal and Provincial taxes and Excess Profit Taxes, are estimated to be $506,295. This compares with a deficit of $90,525 for the corresponding half of 1939.

Working Capital High

Net current assets of the company as at June 30 last were $2,625,000, of which about $600,000 was cash, marketable securities and call loans.

The company is now nearing completion of its improvement programme which, during the past four years, has involved a capital expenditure of over $2 millions.

Fraser Realties Surrendering Charter

From Our Own Correspondent

MONTREAL. — Fraser Realties Ltd., a wholly owned subsidiary of Fraser Cos., has made application to the Quebec Government for leave to surrender its charter.

This company owns timberlands in Quebec. The entire capital stock of $15,000, 50% paid up shares, were acquired by the company in 1937 in exchange for 16,000 shares of Fraser Cos.' common stock.

Fraser Realties has outstanding an issue of $651,000 of 6% first mortgage bonds, due Feb. 1, 1940, all of which is pledged as security for a special bank loan of $439,425.

In view of the application to surrender the charter it is assumed that this obligation has been taken over by the parent company or has been liquidated.

Fish Markets Are Open to Canada

Cuban Market Presents Opportunity to Maritime Fishermen

From Our Own Correspondent

FREDERICTON, N.B.—Nazi occupation of Norway has presented to eastern Canadian and Newfoundland fish exporters an opportunity to boost their Cuban sales greatly, according to C. S. Bissett, Canadian trade commissioner in that country.

Interviewed during his recent tour of the Maritimes, Bissett pointed out that the export of dried and smoked fish from Canada to Cuba is surpassed in importance only by the export of newsprint and certified seed potatoes from this country to the island republic.

Can Command Market

If Canada and Newfoundland can supply at a comparable price the extra dry type of fish Cuba formerly obtained from Norway, they can command the market, Bisset believes.

There is also an opportunity for Canadian woods products companies to market more pulp in Cuba, the trade commissioner said, pointing out that until the war interfered Cuba imported considerable quantities of sulphite and sulphate pulp from Scandinavia. Canadian spruce also might be sold in Cuba to replace Baltic pine used in the manufacture of boxes, he said.

Because of trade agreements between Cuba and the United States, Bissett declared, it was only on items on the Cuban free list, such as newsprint and certified seed potatoes, and on products on which Canada has a manufacturing advantage that this country can compete successfully with the United States.

Public Utility Earnings

Mexican Light & Power

May:	1940	1939	Incr.
	$	$	$
Gross earn.	618,923	597,953	20,970
Oper exp.	470,433	526,470	*56,037
Net earn.	148,490	71,483	77,007
Five Months—			
Gross. earn.	3,098,754	3,028,990	69,764
Net earn.	721,554	482,760	238,794

*Decrease.

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Annuity Purchase Money Not Allowed Exemption

When the amendments to the Income War Tax Act were finally passed in the House of Commons it was decided to strike out the paragraph stating that purchasers of annuities would be entitled to deduct the annual amounts paid out by them in purchasing annuity contracts up to $300 a year.

Accordingly, as the amendment was finally passed, no exemption is allowed for money paid in on the purchase of an annuity.

Hon. J. L. Ilsley also stated that where an individual had taken an option to purchase an additional annuity on certain terms and at certain rates, prior to June 24, if he exercised the option the additional annuity purchased would be subject to taxation.

Call for Accountants Issued from Ottawa

Call for accountants and auditors, both for regular Government departments and wartime organizations at Ottawa and elsewhere, has been issued by the Civil Service Commission, Ottawa.

Chief immediate demand is for cost accountants experienced in construction work, steel and other heavy industries. Salaries ranging from $1,920 and $4,140 will be paid, although most of the appointments will be made in the lower ranges. Men with university graduation and membership in a society of professional accountants with recognized standing in Canada are preferred.

Palmerston, Ont.

J. L. Graham & Co. has purchased at 100.50 an issue of $15,000 3½% Palmerston, Ont., serial debentures, maturing 1941-60. The issue was sold at a cost basis of 3.45% and proceeds are to be used for high school construction.

List of bids follows:

J. L. Graham & Co.	100.50
Burns Bros. & Denton	100.42
Harris, Ramsay & Co.	100.31
Harrison & Co.	100.276
Dyment, Anderson & Co.	99.51
Fairclough & Co.	99.17
Harris, McKeen, Goss & Co.	99.05

Bond Markets

Investors Find Clue In Aug. 1 Refunding

Strength to Lower-Grade Provincial Issues Exerted by Manitoba and New Brunswick Meeting Maturities — Volume Continues Light But Prices Firm

Successful refunding of the Manitoba and New Brunswick Aug. 1 maturities is likely to exert a strengthening influence on lower-grade provincial issues.

Otherwise, bond investors have sought somewhat vainly for a clue as to general course of the market for the balance of the summer. New provincial and municipal financing is virtually at a standstill and no Dominion loans are looked for until the fall.

Holidayers keep an ear glued to radios, waiting for new war development which may be a guide to trading until the next war loan comes. It is thought to be the only influence which might develop in August.

* * *

Prices Hold

The listlessness in trading noted in the earlier spring and summer months, after the invasion of the Low Countries, is not so evident at present. Possibility of bad news from the battlefront appears to have been already discounted at least partially, and prices continue the tendency of recent weeks to strengthen. Volume is still light, as is usual in the summer months.

The January war loan issue continues to hold the mid-July gains. Other Dominion issues are slightly easier, but provincial bonds have maintained firmness. Corporation issues continue to show favor, although quotations are still somewhat below the pre-invasion of the Low Countries highs.

* * *

Bartering Bonds

Concern again is felt with respect to Latin American prospects. An exchange famine is developing and appears due to get worse. The British blockade of Europe has disrupted South American trade, and the proposal of the United States to purchase raw material surpluses from its southern neighbors is already being modified.

According to the New York Journal of Commerce, trade agreements being worked out with the Latin American countries by Great Britain make provision for the repurchase of defaulted bonds. It is said a portion of the imports from Brazil, for instance, are paid for, not in cash or exports, but in Brazilian securities.

The New York paper suggests that the United States might copy the British method, as Latin American bonds held by Americans probably could be sold to the U. S. Government at a reasonable price. Canadian holders, it is understood, might be able also to participate in any such scheme if and when it might be adopted, as present Foreign Exchange Control Board regulations would permit such a sale in New York.

* * *

Bond Index

The D. B. S. index of long-term Dominion of Canada bonds at 114.7 for week ended July 25 was up 0.1 from the previous week. It was off 4.6 from the same week of last year and up 0.3 from the corresponding week of the previous month.

DOMINION OF CANADA
Long-term Bond Index

	Latest week July 19-25	Preceding week July 12-18	Weekly average year ago
Price	114.7	114.6	119.3
Yield	72.6	72.7	66.7

Alberta Paying 2½% On 1940 Maturities

Hon. S. E. Low, provincial treasurer, advises that Alberta will pay interest to holders of 5% debentures which matured Feb. 15, last, as the rate of 2½% per annum. The payment is for the six months ending Aug. 15, and will be at the rate of $12.50 per $1,000 bond. Payment will be made upon presentation of securities at any branch of the Imperial Bank of Canada in Canada, and must be accompanied by ownership certificate.

Two 5% Alberta issues matured Feb. 15, last. One issue of $2 millions was issued in 1924 while another $750,000 maturity was issued in 1925.

Edmonton Must Pay Full Exchange Rate

Edmonton must pay the full rate of exchange on future debenture interest payments to all bondholders having the opinion of payment in American money, the city council has been advised.

Edmonton saved $18,000 on its interest payment last Feb. 1, through special arrangements made to pay Canadian holders at 104.5% of the coupons. If the full exchange rate had been paid, it would have required 111% of coupon value.

INTEREST-FREE BONDS

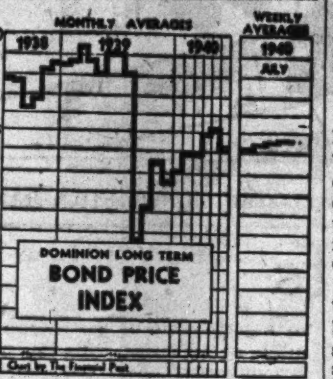
Total of $1.1 million of the registered non-interest bearing bonds, designed as a contribution to the war effort, has been taken up by 56 subscribers, according to Finance Minister Ilsley. A number of other subscriptions have been reported for which the funds have not been received as yet.

Foreign Exchange

During the week July 23 to July 29 there was no change in the quotation to the United States dollar at Toronto and Montreal, which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, July 29

Australia	3.59	N. Zealand	3.61
India	.3368	S. Africa	4.47
Japan	.2805	Hong Kong	.2620



C. N. R. Arranges For Financing

Will Raise $15.1 Millions to Cover Expenditures This Year

From Our Own Correspondent

MONTREAL.—Canadian National Railways will issue securities not exceeding $15,104,000 in principal amount for capital expenditures made or to be made during 1940, according to a notice of a resolution brought down in the House by Finance Minister Ilsley.

This measure would provide for retirement of capital indebtedness during the year and would authorize issue of substituted securities for refunding purposes.

The resolution also said the bill would authorize the Governor-in-Council to guarantee the principal, interest and sinking funds of such securities, to make temporary loans to the C. N. R. secured by such securities not exceeding $15,104,000, to enable the company to meet such expenditures and indebtedness.

Stedman Sales Stay at Record

6 Months Profits Higher After New Taxes—Open 5 New Stores

Probably record sales for the first half of any fiscal year were shown by Stedman Bros., smallwares retailer with stores throughout Canada, for the first six months of 1940, The Financial Post learns. Sales were substantially higher than in the same period of 1939, while earnings after providing for new taxes also are higher.

In each of the last seven years the company has shown successively higher net profits. There has been no let-up in business which carried the figures to a record high last year.

Office and warehouse facilities in Toronto have been enlarged. Five new stores have been opened this year at Newmarket, Durham, St. Marys, Gore Bay and Hamilton, Ont. A new one now is being built in North Sydney, N.S., to replace the present store and will be ready for occupancy shortly.

Common Dividend Rate Cut by Montreal Loan

Montreal Loan & Mortgage Co. has announced reduction of dividend rate on the common stock effective with the quarterly payment to be distributed Sept. 16 to shareholders of record August 31.

The payment of 31¼ cents compares with previous payment of 50 cents distributed June 15. The company has been on an annual dividend basis of $2 since 1936, prior to which the annual rate was $2.37½.

Easy Washing Pays On Preferred Stock

The Easy Washing Machine Co. has declared a dividend of 17½ cents per share on the 7% preferred, $10 par value stock, payable Aug. 15, to shareholders of record July 31. Arrears on July 1, last, after giving effect to this payment, will remain unchanged at 70 cents per share.

Last previous payment was 35 cents paid April 1.

Fleet Aircraft Gets More War Orders

From Our Own Correspondent

MONTREAL.—Fleet Aircraft Ltd., which already has a considerable volume of Government work on its books, has been awarded a new contract by the Department of Munitions and Supply for $200,852 of aircraft supplies. No particulars are given as to type of supplies, but presumably they are in connection with work already done by the company for Ottawa.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Palmerston, Ont.	July	J. L. Graham & Co.	3½%	1941-60	$15,000	100.50	3.45%
Hamilton Treasury Notes	July	Harrison & Co.	....	1941	300,000	....	1¾%

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Sisters of St. Joseph de St. Valier	July	Dube, Leblond & Co.	4½%	......	$35,000	100	.....

Canada Bread Profits Down

Sales Up But Per Loaf Profit Cut in Half By Higher Costs

Canada Bread Co. reports lower net profit for year ended June 30, last, as compared with the previous year, earnings per common share being equal to 46 cents, against $1.35 in the 1938-9 period. The figures take into account increased corporation taxes.

Sales for the year were reported higher by C. H. Carlisle, president. Costs of ingredients, however, were higher, while operating costs showed a slight increase and taxes are up. The profit per loaf of bread was reduced, accordingly, from a half a cent in 1938-9 to one quarter of a cent in 1939-40.

Plant replacement and extensions to a total of $275,000 were made during the year. A new building and plant were erected at Kirkland Lake, while the Bredin Bread plant at Niagara Falls, Ont., was purchased.

No Expansion Planned

Owing to war conditions, Mr. Carlisle states, and the condition that will follow the war, the company does not plan to expand during the current year by entering into new territories. Capital expenses, accordingly, will be greatly reduced if not entirely eliminated.

Mr. Carlisle, in looking forward to maturity of 6% first mortgage bonds Aug. 1, 1941, expects—unless something decidedly abnormal should adversely affect business—that cash will be available to liquidate $350,000 of the bonds. The balance of $200,000 should be provided for, he suggests, by the issue of serial notes or direct bank borrowings. Interest charges, he notes, should be lower.

East Kootenay Power Reports Higher Income

From Our Own Correspondent

MONTREAL. — East Kootenay Power Co., controlled by Power Corporation of Canada, reports a gross revenue in May of $51,108, an increase of $7,246 over the same month last year. Operating expenses advanced about $3,000, leaving net earnings at $33,157 as against $28,903 a year ago.

For the first quarter of the current fiscal year, gross at $150,278 was $19,342 greater than a year ago. About a third of the gain was absorbed by increased operating expenses, leaving net earnings for the three months ended May of $98,900, as against $85,514 for the same period a year ago.

Paton Mfg. Awarded $130,636 Contract

From Our Own Correspondent

MONTREAL. — Paton Manufacturing Co. has been awarded a contract for $130,636 of woollens by the Department of Munitions and Supply. This is one of several contracts which the company has received from the Canadian Government since the war started last September.

Conduits Firm Business Up

But Six Months Profits May Be Affected by Taxes

Improvement in operations is reported by Conduits National Co. for the first six months of 1940, as compared with the corresponding period of 1939. This trend has continued into July, The Financial Post understands.

Business attributable to the war accounts to some extent for the improvement, but this generally reaches the company indirectly. In view of increased taxation, and because the margin on war business is not large, the improvement shown will not necessarily be reflected in increased profits.

The company has declared a dividend of 15 cents per share, payable Aug. 8 to shareholders of record Aug. 5. The last previous payment was 25 cents on Feb. 1, last, and total for 1940, after Aug. 8 payment, will be 40 cents per share, compared with 30 cents in 1939; 20 cents in 1938 and 25 cents in 1937, when initial payment was made.

Six Months Earnings Of Electrolux Up 9%

Electrolux Corp. reports net profit of $897,560 or 72 cents a share for the first six months of 1940, compared with $818,611 or 66 cents a share in the same period of 1939.

Net profit of $376,136 or 30 cents per share for the quarter ended June 30 is up a shade from the comparable three months of 1939. Figure for the 1939 period was $374,697. Earnings of $521,424 or 42 cents a share were shown in quarter ended March 31, 1940.

Employer Must Collect National Defense Tax

From Our Own Correspondent

OTTAWA.—Responsibility for collection of the national defense tax upon payrolls and wage lists will rest on the employer, according to the Department of National Revenue.

In issuing a ruling on the question of casual labor, the Department laid down the principle that all employers must deduct the tax in such cases and remit it to the Government. The aggregate amount of the earnings of each individual could be determined only at the end of the year, when the employee filed an income tax return. If the earnings of a person employed on a casual basis did not reach the taxable amount of $600 for single persons and $1,200 for married persons, then the amount of national defense tax paid on his account would be refunded.

PARTNER RETIRES

From Our Own Correspondent

MONTREAL.—Craig, Ballantyne & Co. has advised the Montreal Stock Exchange and Montreal Curb Market that J. E. J. Fox has retired from partnership in the firm at July 31. The business will be continued under the same firm name, the partners being J. P. Craig and J. R. Ballantyne.

Company Reports

Canada Bread

Canada Bread Co. reports net profit of $216,114 for year ended June 30, 1940, down about $180,000 from the previous year. Working capital has been reduced by $61,036 as a result of plant extension, liquidation of bonds and payment in full of deferred dividends.

The 6% first mortgage bonds outstanding at year end totalled $542,600, down $52,900 from a year previous.

Consol. Income and Surplus Account
Years Ended June 30

	1940 $	1939 $
Operating profit	523,296	770,308
Add: Misc. income	20,453	6,075
Total net earnings	543,749	776,383
Less: Depreciation	211,120	190,749
Bond interest	34,380	37,019
Premium on bond redemp.	2,135	2,539
Prem. on invest. bot.	......	6,175
Loss on real est.	......	28,531
Inc. & corp. taxes	80,000	115,000
Net profit	216,114	396,370
Less: 1st pfd. divs.	62,500	62,500
Class B divs.	81,250	93,750
Surplus for year	72,364	240,120
Add: Prev. surplus	374,715	254,595
Adj. prov. for depr.	32,000	......
Less: Trans. to cont. res.	......	120,000
Surplus forward	479,079	374,715
Earned per Share:		
1st preferred	17.29	31.70
Paid	5.00	5.00
Cl. B pref.*	6.14	13.35
Paid	2.50+0.75	2.50+1.25
Common*	0.46	1.35

No dividends paid.
* Before participating feature.

Working Capital

	1940	1939
Current assets	740,745	785,854
Current liabilities	478,726	462,799
Working capital	262,019	323,055

Balance Sheet Changes

	1940	1939
Cash	75,944	153,787
Call loan	200,000	225,000
Dom. bonds	......	100,000
Accts. receivable	170,488	159,500
Inventories	294,313	147,567
Accts. payable	332,625	277,206
First mtge. bonds	542,600	595,500

Acadia Apts.

Acadia Apartments Ltd. financial statement for the year ended April 30, 1940, shows no material change in earning power, but the balance sheet reflects a sharp writing down of values following upon the reorganization. Gross income at $79,487 remains practically unchanged, while net income at $21,301 was off over $4,000. However, there was sufficient income to cover interest on the new bonds.

In the balance sheet fixed assets have been written down from a depreciated value of $1,209,340 a year ago to a current figure of $578,723. The first mortgage bond issue has been scaled down from $796,900 to $469,680 and the interest coupon from 6½% to 4%. The old second mortgage has been liquidated and the former $600,000 of capital stock now appears on the books at $137,420.

Comparative figures on the profit and loss statement for the past two years follow:

Income and Surplus Account
Years Ended April 30

	1940	1939
Gross revenue	$79,487	$79,505
Less: Expenses	58,186	53,932
Net income	21,301	25,573
Less: 1st mtge. int.	12,525	51,798
Gen. mtge. int.	......	10,500
Depreciation	11,276	22,553
Loss for year	2,499	59,278

Trust & Loan Co. of Canada

Trust & Loan Co. of Canada's financial statement for the year ended March 31, 1940, reveals a marked improvement in earnings and position due to the better conditions prevailing in western Canada last year. Gross income at £130,866 was up from £91,284 a year ago. After all charges, there was a surplus of £40,969, whereas in 1939 there was no surplus. The company had a balance of £27,269 subject to the U. K. excess profits tax. Expectations are that the company will be granted a special "standard," as otherwise all profits will accrue to the Government in view of the abnormally low returns in recent years.

The balance sheet shows a reduction in outstanding debentures from £611,818 to £506,218. Other changes among liabilities are not marked. Among assets money on call increased from £163,825 to £212,053. The improvement in the mortgage situation is reflected in a reduction in overdue interest from £60,625 to £25,439.

Comparative figures on the profit and loss account follow:

Revenue Account
Years Ended March 31

	1940 £	1939 £
Gross income	130,866	91,284
Less: Expenses	28,944	28,754
Deb. interest	22,047	25,979
Deb. stock int.	29,291	29,419
U.K. income tax	......	168
Can. taxes	4,824	1,275
Depreciation	2,027	2,027
Other charges	2,764	3,862
Surplus	40,969	......
Previous surplus	1,300	2,339
From reserves	......	1,600
Less: Contingencies	15,000	......
Surplus forward	27,269	3,939

Canadian Cottons Ltd. Shares in Ottawa Orders

From Our Own Correspondent

MONTREAL.—Canadian Cottons Ltd. received two contracts in the past week from the Department of Munitions and Supply covering "clothing and accessories." The first contract was valued at $82,500 and the second $105,000, for a total of $187,500.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Riordon Pulp	6%	1942	Dec. 31	105
Ont. Power	5%	1943	Aug. 15	‡

‡ Calling for tenders for $123,000.

Donnacona Paper Earnings Rise

All Divisions Officially Reported Operating at Capacity

From Our Own Correspondent

MONTREAL.—Marked expansion in earnings of Donnacona Paper Co. over the like period of last year is reported by president R. P. Kernan. While business in the first quarter had been satisfactory, the second quarter pushed the trend further upward and currently the plant is operating at capacity.

For the first half of the current year newsprint output amounted to about 70% of capacity. This compares with approximately 48% in the like period of 1939.

Farther Expansion

Expansion in other departments was recorded during the last three months, production of groundwood and sulphite pulp being practically double that compared with the opening of the year.

The company's new board bill is operating at capacity, with a good backlog of orders.

NEW MANAGEMENT DIRECTOR

F. Marsh Richardson has been appointed vice-pres. and man. dir. of Cluett Peabody & Co. of Canada, Ltd. Mr. Richardson has been connected with the men's apparel industry for the past 25 years, and has served in an executive position with Cluett Peabody since 1932.

Can. Machinery Volume Heavy

Six Months Business Ahead of 1939—Retires Last of Bonds

The substantial improvement in business of Canada Machinery Corp., which followed the outbreak of war, has continued into the first six months of the 1940-41 fiscal year, which began Feb. 1, The Financial Post learns from officials. Sales for this period show an increase over the comparable period of 1939. Net profit of $62,334 in 1939-40 was the highest in a decade, and compared with $4,789 in 1938-9.

The company is engaged primarily in the manufacture of wood and iron working machine tools. Direct Government business to the company is negligible, it is understood, but machine tools are being supplied for factories expanding to handle Government orders for shells, mechanized equipment, etc.

Retires Bonds

The company paid on Aug. 1 the final installment on its 6% first mortgage sinking fund gold bonds due on that date. This issue was made in 1910, and interest payments continued uninterruptedly during the 30 years. The original issue authorized was $1 million. At the end of the last fiscal year, on Jan. 31, last, $301,750 was issued, with $202,750 in sinking fund and $99,000 outstanding.

Holders are requested to present their bonds to the principal office of the Royal Bank of Canada at Galt, Ont., Toronto, Montreal or Halifax.

Rogers-Majestic Business Up

Four Months Sales and Profits Better — Costs Reduced

Business of Rogers-Majestic Corp. since close of the fiscal year on March 31, last, has held substantially above the corresponding period of 1939, according to J. E. Rogers, president and general manager.

Operating costs have been reduced and, with sales above expectations, margin of profit shows improvement. A saving of about $15,000 per annum has been made through surrender of leases on certain properties and obtaining of better terms elsewhere.

Selling prices of radios has increased as a result of the 10% luxury tax, and import taxes have increased certain manufacturing costs. On the other hand these taxes and the exchange situation make it no longer advantageous for tourists to bring in cheap U. S. sets under the $100 limit law. An estimated 48,000 sets valued at $800,000 were imported in this way last year.

A. L. Ainsworth, Toronto, has been elected to the board to replace D. G. MacKenzie.

INVESTMENT POLICY?

—If an Invasion of Great Britain is Attempted.
—Re the Foreign Security Holdings of Canadians.
—Comparative Situation in Canada, 1932 and 1940.

Letter on request

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CANADA BRÉAD COMPANY, LIMITED

(Incorporated under the Ontario Companies Act)

AND ITS WHOLLY OWNED SUBSIDIARY

CONSOLIDATED BALANCE SHEET AS AT 30th JUNE, 1940

ASSETS

Cash on hand and in banks		$ 75,944.42
Call loan		200,000.00
Accounts receivable less reserve for doubtful accounts		170,487.77
Inventories of ingredients, finished products and supplies, as determined and certified by the management, valued at the lower of cost or market		294,312.70
		$ 740,744.89
Mortgages receivable		19,819.80
Buildings and equipment—at cost	$5,058,287.62	
Less reserve for depreciation	2,630,727.27	
	$2,427,560.35	
Land—at cost less amounts written off	355,274.14	
		2,782,834.49
Prepaid insurance, taxes and other charges		92,005.74
Goodwill (less amounts written off)		500,000.00
		$4,135,404.92

LIABILITIES

Accounts payable, wages and other accrued charges		$ 332,625.38
Taxes due and accrued		98,927.68
Bond interest accrued		15,922.50
Dividends on preference shares—payable 1st July, 1940		31,250.00
		$ 478,725.56
Deposits by salesmen	$ 79,848.15	
Less cash and government bonds held in trust	79,848.15	
First mortgage 6% sinking fund gold bonds, due 1st August, 1941, issued less redeemed	$ 636,900.00	
Less held for redemption	94,300.00	
		542,600.00
Reserve for contingencies—after deductions made during the year		110,000.00
Capital:		
Authorized and issued—		
12,500 Cumulative redeemable first preference shares of $100 each, redeemable at $110 per share, entitled to cumulative dividends at 5% per annum to 1st July, 1941, and 6% per annum thereafter	$1,250,000.00	
25,000 5% Cumulative participating redeemable Class "B" preference shares of $50 each, redeemable at $100 per share	1,250,000.00	
200,000 Common shares of no par value	25,000.00	
	$2,525,000.00	
Earned surplus—as per statement attached	479,079.36	
		3,004,079.36
		$4,135,404.92

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the Year Ended 30th June, 1940

Profit on operations before charging bond interest, depreciation and income and corporation taxes		$ 523,296.13
Add:		
Interest earned on investments and bank deposits	$ 8,964.36	
Profit on sale of real estate	7,306.55	
Premium realized on sale of bonds purchased for investment	4,182.50	
		20,453.41
		$ 543,749.54
Deduct:		
Bond interest	$ 34,380.29	
Provision for depreciation of buildings and equipment	211,120.14	
Premium paid on company's bonds purchased for redemption	2,135.25	
		247,635.68
		$ 296,113.86
Deduct provision for income and corporation taxes		80,000.00
Net consolidated profit for the year, after providing for income and corporation taxes		$ 216,113.86

CONSOLIDATED SURPLUS ACCOUNT
For the Year Ended 30th June, 1940

Balance at 30th June, 1939		$ 374,715.50
Add:		
Net consolidated profit for the year ended 30th June, 1940, after providing for income and corporation taxes	$ 216,113.86	
Adjustment of prior years' provision for depreciation of equipment	32,000.00	
		$ 248,113.86
		$ 622,829.36
Deduct:		
Dividends on preference shares:		
First preference shares—5%	$ 62,500.00	
Class "B" preference shares—$3.25 per share (Regular dividend $2.50—arrears 75c)	81,250.00	
		143,750.00
Balance at 30th June, 1940		$ 479,079.36

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Editor—FLOYD S. CHALMERS
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Published by
THE MACLEAN PUBLISHING CO., LIMITED
481 University Avenue, Toronto 2.
Founder and Chairman—JOHN BAYNE MACLEAN
President—HORACE T. HUNTER
Vice-President and Managing Director—
H. VICTOR TYRRELL

ADVERTISING RATES
Single insertion—$4.20 per inch.
Contract rates upon request.

SUBSCRIPTION PRICE
Canada, United States, Mexico, British Empire, $5 per year, all other countries, $6.

MONTREAL—Dominion Square Bldg., Murray R. Chipman, Eastern Manager; John E. Langdon, Eastern Editor.

GREAT BRITAIN, London—Sun of Canada Bldg., 2, 3 and 4 Cockspur St., London, S.W.1, Telegraphic Address, Atabek, Lesquare, London.

TORONTO, AUGUST 3, 1940

A Leap in the Dark

Last week a select parliamentary committee at Ottawa was solemnly warned against taking an "actuarial leap in the dark" by passing the proposed unemployment insurance act without specific provision for further study and certification.

The warning was given by Hugh H. Wolfenden, Canada's acknowledged authority on unemployment insurance.

Mr. Wolfenden gave it as his unqualified view that the present act could not be considered actuarially sound. He did not go so far as to suggest it was actuarially unsound. He did say that the act could not be considered sound, that it was "actuarially indeterminate" because:

> "In the year 1940, in respect of any estimate of future unemployment—it is, it seems to me, wholly impossible to formulate methods of calculations with reasonable certainty and with adequate margins of safety.
>
> "It is quite impossible to assume with any reasonable certainty what the basic rate of unemployment on which all the calculations must be based, is likely to be."

• • •

Without suggesting that Parliament abandon its stubborn determination to enact this measure, Mr. Wolfenden made one very important suggestion. He urged that no contributions should be collected until a report was received from the financial watchdogs of the act (Unemployment Insurance Advisory Committee) certifying that in their opinion, the fund is likely to be "reasonably sufficient to discharge its liabilities over at least the succeeding four years."

A very similar plea was made by V. R. Smith, chairman of the social insurance committee of the Canadian Life Officers' Insurance Association.

In effect these experts sought to ensure that before any monies were collected under the act, steps be taken to see that its provisions were sound and workable, so as to avoid a catastrophic breakdown such as occurred in England and has threatened in the United States in the past year or two.

Parliament has apparently ignored this wise and authoritative counsel. Liberals, Conservatives and other groups alike, put their imprimatur on the act almost as it had come from the printers in draft form.

• • •

The Financial Post has repeatedly urged the unwisdom of undertaking such a vast and untried measure of social reform at this time. It has pointed to the danger of confusing the need for a post-war savings reserve, with a vast bureaucratic undertaking involving the diversion of between $600 and $700 millions of money over the next decade. It has pleaded the inconsistency of attempting such a plan at a moment when every last ounce of strength is needed for the imperious task of winning the war.

Before Canada plunges headlong into what may prove a catastrophic actuarial abyss, the safeguard suggested by Mr. Wolfenden and Mr. Smith should be insisted upon.

The Senate should demand the essential and wise precaution of not proclaiming the statute without the report recommended by these two actuarial experts.

Telling the World

G. Herbert Lash, Director of Public Information, has been getting a deservedly big hand for arranging the C. B. C. broadcast series "Facing the Facts." If other speakers match the inspirational "oomph" of Dorothy Thompson and Frederick T. Birchall, these broadcasts will make a notable contribution to our war effort. The demand for the printed copies of the Thompson broadcast has been little short of phenomenal.

But what a tragedy these broadcasts cannot be carried via short wave, not only across the United States but to South America, the West Indies and to other parts of the Empire?

If this country had a short wave station such as has been repeatedly urged by The Financial Post, before and since the war began, the value of this broadcast would have been increased a thousandfold.

A short wave station should be an essential part of Canada's publicity and public relations programme. This is the programme now under review by David B. Rogers of the Regina Leader-Post. Such a station has been repeatedly urged by at least one of the Sifton papers with which Mr. Rogers is associated.

The need for it was never so great as at this time when the voice of democratic peoples has been stilled in all but a few lands.

Money is Already Conscripted

There is a good deal of nervousness among small investors as to the significance of the Government's powers to conscript men and money. Col. Ralston went on the air to assure people that there was no intention of seizing anyone's small bank account. But the nervousness persists among many people. There are many timid investors—particularly aged people or widows with small sums of money—who expect that they may some day find a uniformed policeman at the door, demanding that they turn over the title deeds of their property, cash in their insurance policies or write out cheques on their bank accounts payable to the Government.

Groundless as such fears may be, they are nevertheless easy to understand. Politicians have made a great shibboleth of the so-called "conscription of wealth." For a generation they have declaimed that never again shall we conscript our men for war without also conscripting money. And so when Ottawa brought down its Mobilization of Natural Resources bill it sugar-coated the power to call up men. The sugar-coating was the power to call up money.

As a matter of fact when the Government took powers to conscript money it was like taking powers to operate a post office or to make laws. It has been in the money conscription business ever since Canada came into being. The Government has always had the power to conscript money and it has exercised that power freely, year in and year out, in peace time and in war time.

Governments conscript wealth through the income tax. They conscript it through inheritance taxes. They levy on corporations, partnerships, small businessmen, investors and private individuals. They have been conscripting wealth for years.

It will probably take some time for nervousness to die down. There is no need for it—at least no new need. The Government really has taken unto itself no powers over money that it could not have exercised through taxation at any time in recent years.

No Place For Aberhart Bank

Neither at Ottawa nor "back home" among the rank and file of Albertans is there much support or patience for the new bank which Premier Aberhart is now trying to incorporate under federal charter.

Typical of the feeling among weekly newspapers in the province is the comment of the Stettler Independent which says "we can do without luxuries for the time being, especially the luxury of a bank run by politicians."

The Vulcan Advocate says there should be no experimentation with provincial funds "at a time which calls for rigorous self-denial amongst taxpayers."

In peacetime, the inclination of many members of Parliament (especially western members) might be to let Mr. Aberhart have his bank, and then hope he would get caught in his own financial toils.

In these critical war days this attitude has disappeared. Discussion of the principle of the bill in committee (the bill itself was talked out some days ago) suggested that the plan was being given the short shrift it deserves.

As a matter of fact, a bank charter of the type sought by Mr. Aberhart, is not compatible with the federal system of bank control as we know it in Canada.

Federal control of banks has worked well in this country in part because of the calibre and character of the men who have been responsible for management of Canadian chartered banks, and partly because the Government has been able to exercise effective control over the banking institutions which have come under its authority.

Were Ottawa to license a provincial bank in Alberta there would be no such effective control. If Ottawa authorities disapproved of any particular course of action on the part of the Alberta bankers, the provincial government could easily make an issue of it and pretend that their bank were being "persecuted." An inevitable and unresolvable argument would ensue which in the long run might undermine the whole structure of the banking system as we now know it.

Neither in peace nor in war is there a place for such a credit instrument as Mr. Aberhart is attempting to provide.

No Sacrifice Here

"Serve by saving." So the Government, and quite properly, urges Canadians.

Everyone is adjured to make sacrifices in order to speed the war effort. Investors are asked to buy 3% bonds or war savings certificates. Taxation is at the highest level in history.

But Ottawa continues to sell government annuities at bargain prices. Not only does the Government pay the costs of administration of the annuity office; but it pays the equivalent of 4% compound interest on the annuities that it sells.

Many, if not most, of these annuities are sold to well-to-do people who know a good thing when they see it.

This practice may encourage saving but it is saving at a great cost to the general public. And it is not sacrifice. It is a gift from a Government hard pressed to pay for the war.

Extracts From Some Letters

A New York stockbroker published a circular the other day suggesting that it was necessary for American businessmen to start thinking about the kind of world they would have in which to do business after the war.

Perhaps slightly piqued, one of the editors of The Financial Post wrote him that the subject was indeed an important one. But a subject of more immediate importance was the best way to defeat Hitler. If the Nazis were not roundly licked, people in the United States would not have much to say about the kind of world they would have left to live in.

The broker replied in a friendly enough note which suggested that he personally thought the fate of the United States was linked up with that of the British Empire but that, unfortunately, in an election year, that idea was not as much in evidence with the people generally as it might otherwise have been.

He suggested that no matter who won the war, people of all nations would be the losers.

The Post writer's next letter to him agreed on the last point. Whoever "wins" the war, everyone will lose it, he admitted. But he suggested that more of what is good in the present world could be salvaged if Hitler did not win. "Therefore, the immediate job is to team up to defeat Hitler," he concluded.

There the correspondence stands as of this writing.

Little Things

Even the swift, gigantic tempo of today's events cannot blind us to the importance of little things.

In 1757, as a preface to Poor Richard's Almanac, Benjamin Franklin wrote these words:

> **"A little neglect may breed mischief; for want of a nail the shoe is lost, for want of a shoe the horse is lost, for want of a horse the rider is lost."**

Just last week, young men eager to volunteer for active service were kept half a day outside a civic armories because there was no stationery on which to write their applications. In a few weeks time those hours may seem very precious.

Every industry can tell of similar unnecessary delays. For example, work on a rush job of munitions is held up and the men forced to quit work because the inspector was late in arriving. Other goods are delayed because of inspection red tape involving decisions in New York or far away cities.

Complete mobilization of manpower and industry cannot be done swiftly and effectively unless complete authority is given to an administrator of proved executive ability. Such a man at the top offers the best guarantee that the right men are in the right places all along the line, and that the "little" things that may loom very large in the final result are not neglected or overlooked.

Editorials in Brief

The Press of Canada with a few notable exceptions has been strangely silent and apathetic to the proposed unemployment insurance bill. Most editors (if they have commented at all) have apparently accepted this measure as inevitable. A few commentators—Orillia Packet-Times, Woodstock Sentinel-Review, Victoria Colonist, Hanover Post, Peterborough Examiner, Whitby Gazette and Chronicle, Welland-Port Colborne Tribune, Brampton Conservator, Burlington Gazette, La Patrie and Halifax Herald have urged caution. Most outspoken critics have been Toronto Saturday Night and Montreal Gazette.

We hazard a guess that the measure which passed through the House of Commons with such unseemly haste last week will bring many a harsh and controversial word from editorial pens before many years have passed.

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Speaking at the annual meeting of the London & Lancashire Insurance Co. not long ago, Sir Frederick Rutter, governor and chairman, chided his fellow-countrymen for their failure to tell their story in the United States.

Sir Frederick might have been speaking for Canada as well as for Britain when he said:

> "May I add my voice to emphasize the immense importance—psychologically and practically—of improving our news service to that country (U. S. A.).
>
> "There is no question but that the great majority of Americans are sympathetic to our cause and anxious for our success and it may to them be a sign of weakness, or at any rate of lassitude, if we leave them insufficiently informed as to our war efforts or allow the mendacious propaganda of the enemy to be first in the field."

The Canadian Editorial of the Week

Unemployment Insurance

Orillia Packet-Times

In rushing into unemployment insurance at this session, Parliament would appear to be committing Canada to a very large undertaking with very little consideration. Lightheartedly an additional fifty-six millions of taxation is being laid on in industry and commerce, at a juncture when war taxes are already bearing heavily and are bound to be heavier still; besides another eleven or twelve millions to be drawn from the supposedly bottomless national treasury.

Nor is it clear that the implications of the measure are generally understood. There is a widely held impression that the insurance scheme will do away with unemployment relief. But this is a misapprehension. The insurance will have little or no application to those who, for seasonal and other reasons, have been the chief recipients of relief. Moreover, the insurance will be paid for only a limited period of unemployment.

There are other features of the scheme that deserve more attention than has been given them. Thousands of workmen do not yet realize that they are going to be called upon to pay insurance with little prospect of benefitting. These are in the trades and vocations where employment is relatively constant.

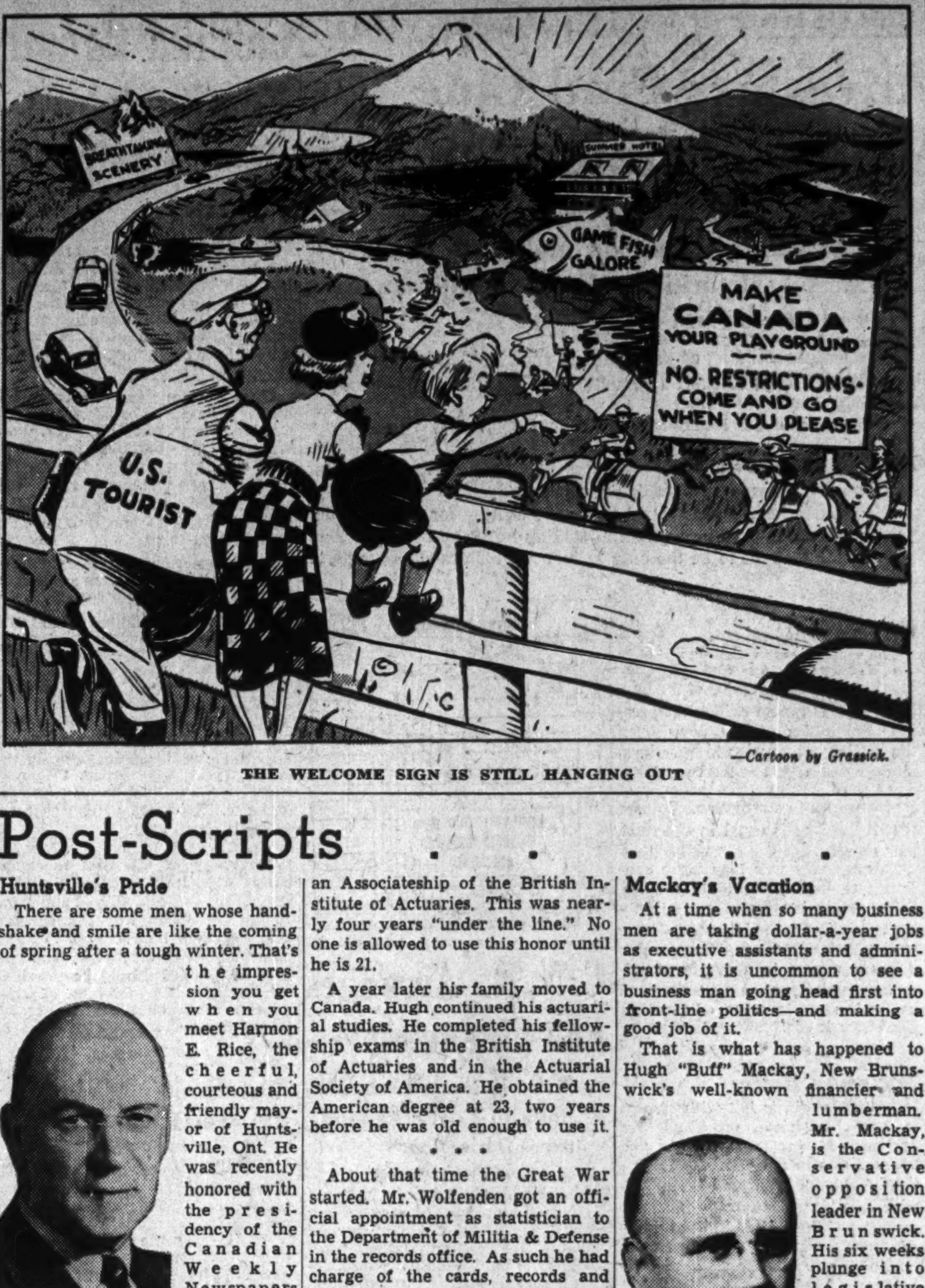
There is much to be said for enforced saving during the "good times" brought about by war, because the close of the war, when it comes, is certain to bring about a great dislocation and depression. But there are other plans which involve less machinery, would be less of a burden on industry and would bring the benefits more directly to those who do the saving. The present scheme is going to mean an addition of three thousand to the civil service, and generally speaking, very high costs of administration. It is a big undertaking on which to embark in wartime.

Of course, the labor unions are favorable, because they see the opportunity of getting the country tied to the principle. Unfortunately, because public attention is centred on the war and the international complications growing out of it, the daily press has paid little attention to the discussion on the insurance bill in Parliament, and little has been heard as to the pros and cons of the argument. It is to be hoped that, at the close of the war, Canada will not have such an experience as Great Britain went through, in connection with its unemployment insurance, at the close of the last war.

Sayings of the Week . . .

"I used to associate bottlenecks with pleasure, but now the very word means gloom and misery to me."—*Lord Beaverbrook.*

"The master of the dyke against world chaos, is you, Churchill, you gallant, portly little warrior."—*Dorothy Thompson.*



BREATHTAKING SCENERY
SUMMER HOTEL
GAME FISH GALORE
MAKE CANADA YOUR PLAYGROUND
NO RESTRICTIONS COME AND GO WHEN YOU PLEASE
U.S. TOURIST

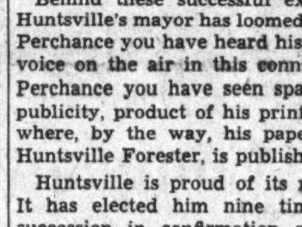
—*Cartoon by Grassick.*

THE WELCOME SIGN IS STILL HANGING OUT

Post-Scripts . . . . . .

Huntsville's Pride

There are some men whose handshake and smile are like the coming of spring after a tough winter. That's the impression you get when you meet Harmon E. Rice, the cheerful, courteous and friendly mayor of Huntsville, Ont. He was recently honored with the presidency of the Canadian Weekly Newspapers Association at the annual meeting in Calgary.



H. E. RICE

Outsiders view Harmon Rice as part and parcel of Huntsville—a jewel of a town of some 2,700 people, set amid the pine-clad hills and sparkling blue lakes of the Muskoka highlands. Famous for years as a summer resort, Huntsville has recently occupied the spotlight in the winter months, thanks to the enterprising leaders of the community. It has been proclaimed by press and radio as the carnival centre of Ontario for lovers of skiing and snow-shoeing.

Behind these successful exploits, Huntsville's mayor has loomed large. Perchance you have heard his fluent voice on the air in this connection. Perchance you have seen sparkling publicity, product of his print shop, where, by the way, his paper, the Huntsville Forester, is published

Huntsville is proud of its mayor. It has elected him nine times in succession in confirmation of this fact. Weekly publishers of Canada were under the impression that their new president held a mayoralty record, but they found out during the Western meeting that Andrew Davison, mayor of Calgary, topped the mayor of Huntsville with 11 consecutive years in office. To Mayor Davison said Mayor Rice: "I'll catch up to you yet."

• • •

Connected with the Forester for 40 years, he purchased the paper from the late George Hutcheson, in 1913. He says he doesn't make as much money as a bank president, when told he looked like one, but he has a lot of fun in his capacity as mayor and publisher. He is a past president of the Huntsville Board of Trade, and is now president of the Muskoka Tourist Development Association. In 1923 he was an unsuccessful Liberal candidate in the provincial election.

He has been a member of the executive board of the Canadian Weekly Newspapers Association for several years, and was the vice-president last year. A promoter among his fellow editors for improvement in editorial expression, he has donated a silver trophy for annual competition.

Harmon E. Rice has another distinguishing attribute: he is undoubtedly Canada's best-dressed weekly publisher.

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World-Famous Expert

If Bill 98 (the Unemployment Insurance Act) runs into heavy financial seas in a few years there is one man in Canada who will have a perfect right to say "I told you so."

Hugh H. Wolfenden will probably never exercise that right. He is too much a gentleman. But last week when he was subpoenaed to appear before the special House of Commons committee studying jobless insurance, he minced no words in telling parliamentarians he was convinced their Act was actuarially unsound.

And his opinion is not to be sneezed at. Mr. Wolfenden is recognized as one of the leading authorities on unemployment insurance in the world.

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Wolfenden is a Lancashire name. It can be traced back for generations in that famous old county. Hugh Wolfenden's father was a nose and throat specialist who practised for many years in London, England. Hugh was born in Pangborne, Berkshire. He attended private school. Instead of going to university he received private tutoring in the London University Tutorial College. This enabled him to "set his own pace" in the study of his favorite subject—mathematics.

As a result he had obtained, at 17, an Associateship of the British Institute of Actuaries. This was nearly four years "under the line." No one is allowed to use this honor until he is 21.

A year later his family moved to Canada. Hugh continued his actuarial studies. He completed his fellowship exams in the British Institute of Actuaries and in the Actuarial Society of America. He obtained the American degree at 23, two years before he was old enough to use it.

• • •

About that time the Great War started. Mr. Wolfenden got an official appointment as statistician to the Department of Militia & Defense in the records office. As such he had charge of the cards, records and military histories of Canada's fighting forces. The war over, he decided to devote himself exclusively to research work in mathematics and actuarial subjects. He wrote a textbook: "Population Statistics and Their Compilation." It has stood ever since as the recognized authority for actuarial students writing final exams in Canada and the U.S.A. He wrote scores of papers and reports for actuarial journals. He was elected a fellow of the American Institute of Actuaries. His statistical, actuarial and mathematical memberships and fellowships if strung out in a line would read:

F.I.A.; F.A.S.A.; F.O.S.S.; F.A.I.A.

Typically, he very seldom uses them—preferring to be known just as Hugh Wolfenden

• • •

Mr. Wolfenden has always been his own boss. He decided early in life to follow a rare calling—the profession of consulting actuary. In Canada there are only four men following that profession today—including Mr. Wolfenden. Two of his three contemporaries are nominally college professors who do consulting work on the side.

In 1930, he was given a unique opportunity to study life, social and unemployment insurance in Canada. In that year the Canadian Life Insurance Officers Association decided to give Mr. Wolfenden an open brief to study in a completely disinterested and objective manner the whole question of social insurance as it applied to Canada. As one result, he published in 1932 a book entitled "The Real Meaning of Social Insurance." It was followed two years later by "Unemployment Funds." This stands today as the recognized and authoritative work on the subject in Canada.

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In a quarter century of actuarial study and consultation, Mr. Wolfenden has been employed by scores of governmental, municipal, industrial, insurance and other organizations and bodies in an actuarial capacity. He reported on the cash benefit provisions of the B. C. Health Insurance Act. In 1935 he was named by Prime Minister Bennett to work with the Government insurance actuary A. D. Watson, in drafting the 1935 jobless insurance measure of that year.

For 20 years he has been a lecturer for the American Society of Actuaries on problems involved in the construction and gradation of mortality and other tables. For the past year he has been advisor in medical economics to the Canadian Medical Association.

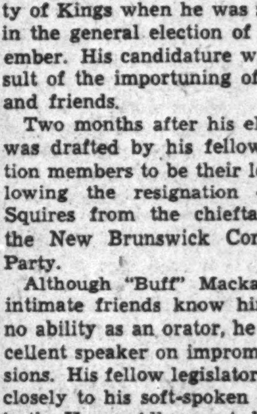
Mr. Wolfenden lives modestly in Toronto. His wife is an American—clever, witty, outspoken and individualistic. Mr. Wolfenden's home is also his office but when he has a particularly knotty mathematical problem to solve, he disappears into the Gatineau Hills for a few weeks.

He was honored recently by being named a vice-president of the Actuarial Society of America.

Mackay's Vacation

At a time when so many business men are taking dollar-a-year jobs as executive assistants and administrators, it is uncommon to see a business man going head first into front-line politics—and making a good job of it.

That is what has happened to Hugh "Buff" Mackay, New Brunswick's well-known financier and lumberman. Mr. Mackay, is the Conservative opposition leader in New Brunswick. His six weeks plunge into legislative affairs this year was a notable event in Maritime politics.



HUGH MACKAY

Mr. Mackay is president of W. C. Pitfield and Co., special partner of Hugh Mackay and Co., and a director of half a dozen other firms. He is a newcomer to politics.

One of his partners in the Hugh Mackay Co. is A. S. W. White. Partnerships in the Mackay and White families have thereby been carried into the second generation, for the fathers of these two men were partners in the lumber business.

This quiet-manered, 53-year-old businessman became a member of the Legislature for his native county of Kings when he was successful in the general election of last November. His candidature was the result of the importuning of relatives and friends.

Two months after his election he was drafted by his fellow Opposition members to be their leader following the resignation of F. C. Squires from the chieftainship of the New Brunswick Conservative Party.

Although "Buff" Mackay, as his intimate friends know him, claims no ability as an orator, he is an excellent speaker on impromptu occasions. His fellow legislators listened closely to his soft-spoken addresses in the House. All respected his business experience and his knowledge of business conditions, although the majority of the members, if only for political reasons, could not agree with his arguments.

• • •

Mr. Mackay, scion of the prominent Mackay family of the Kings County village of Rothesay, was born at Saint John in 1887, a son of W. Malcolm and Susan R. Mackay. After having been educated at Rothesay Collegiate School and McGill University, he entered the lumber business with his father in 1905. Hugh Mackay learned rapidly: ten years later he was appointed president of the W. Malcolm Mackay Lumber Co.

His noteworthy career in the New Brunswick lumbering industry was only a beginning. In addition to his connections with the W. C. Pitfield and Hugh Mackay investment houses he is president of the Canadian International Investment Trust and the Second Canadian International Investment Company. His directorships include Ottawa Light, Heat & Power, Donnacona Paper, Rolland Paper, Quebec Telephone & Power, North American Elevators, Windsor Hotel, Maritime Trust, B. C. Telephone and Anglo-Canadian Telephone.

In 1913 he married Miss Katie Hazen, daughter of the late premier and chief justice of New Brunswick. He is a member of several Saint John and Montreal clubs.

A Surprising Appointment

Winnipeg Free Press

The announcement that Maj.-Gen. L. R. LaFleche has been appointed one of two deputy ministers of the new department of national war services will be received with astonishment and dismay.

As a private citizen, Maj.-Gen. LaFleche no doubt is held in high esteem. But his record as a public servant holds little to warrant his present appointment. He entered the public service in 1930 as a member of the pension appeal court. He joined the Department of National Defense in 1932 as Deputy Minister.

During his régime the Defense Department did not command the confidence of the public, and it was due to public criticism from one end of Canada to the other that he was removed from office.

The reasons for his failure, apart altogether from his technical competence, of which the Free Press does not pretend to judge, were of a kind which inevitably will operate in any important post. His contacts with the public were unfortunate. His outbursts before the House of Commons committee of enquiry in 1939 were all but incredible. He was intolerant of criticism. He demonstrated himself to be unsuited to be a public servant of high rank.

Now he has been recalled to Ottawa to take over a senior position. The duties of the new department have not yet been clearly defined, but of their importance there can be no doubt.

Under war conditions, when large numbers of people, often on a moment's notice, are called into the public service, bad appointments are inevitable. The record of the present Government, in point of fact, has been exceptionally good. But the appointment of Maj.-Gen. LaFleche is an exception, the more surprising since his shortcomings as a public servant were well known.

As Others See Us . . . .

Are We Too Lenient?

Rainy River Record

The Financial Post in an editorial headed "We'll Have to Get Tough" calls attention to the leniency shown to offenders in Canada who have committed acts of sabotage to our war effort, and several cases are cited and comparisons made with what is done with offenders in enemy countries.

It is true our magistrates and judges have been rather lenient with these culprits, but we would rather see them temper justice with mercy than to carry out the iron heel methods of a mad dictator. Second offenses may call for drastic punishment, but do not let a Christian Canada lower our standard of humanism by the methods of murderers.

Judgments Too Soft

Calgary Herald

Some official scrutiny should be made of many recent judgments of magistrates in cases of disloyal and defeatist utterance and fifth column activity. Some of these sentences are so light as to encourage continued insolence on the part of Nazi-minded residents in this country.

Illustrative of this magisterial leniency is the list of penalties recently meted out to accused convicted of efforts to weaken Canada's war effort, and compiled by The Financial Post.

By way of contrast Germans who listen to foreign broadcasts are sentenced to from five to ten years in prison. For repeating something heard in a broadcast they are apt to be shot. For hoarding currency they can go to prison for life and for hoarding a little extra food they can be and often are shot.

Overcoming Propaganda

Powell River Town Crier

The suggestion advanced by The Financial Post that Canada should arrange to make radio spot announcements through the day, extending a welcome to United States tourists, and counteracting the fears which U. S. tourists have regarding Canada, is one that should be adopted without delay.

An experienced advertising executive in charge of government advertising, backed by an adequate amount of money, could work wonders within a very short period, and counteract much of the damage that has been done to this highly important Canadian industry. Speedy and thorough must be the slogan.

Firms and individuals with correspondents in the United States can help in a very vital manner. Let every letter sent south over the border carry a postscript cordially inviting the reader and his family and friends to visit "friendly Canada" this summer, and assuring them of the most cordial greeting and completely untrammelled freedom.

Other People's Views . . . :

An Anomaly and a Weakness

Vancouver Province

Every part of Canada's war effort is on a national basis but one: the government still remains the representative of one political party.

It is an anomaly, and it is definitely a handicap on the war effort.

Mr. King, there is every reason to believe, appreciates fully the anomaly and the weakness of the present position. That is shown by his strenuous effort to bring in men from outside the party ranks to his cabinet. But he has not yet brought himself to make the sacrifice that would be involved—the sacrifice of party control and eagerness to retain it. It will come because it has to come sooner or later. Party government is wholly inconsistent with the demands it makes on all the people when a nation is at war.

Co-ordinating Appeals

Ottawa Citizen

Greater efficiency in public appeals for war and civilian assistance was the object of a series of suggestions recently presented to Hon. J. G. Gardiner, minister of national war services by a delegation representing Canada's Community Chests and the Canadian Welfare Council.

It is to be hoped that Mr. Gardiner adopts the proposal submitted, particularly the one requesting "action . . . to effect a greater measure of co-ordination in their planning, financing and actual campaigning." The Community Chests and the bodies represented in the Canadian Welfare Council have consistently shown themselves willing to co-operate so that the public may not be burdened with avoidable appeals. The fact that in spite of this willingness, the co-ordination of appeals has not been achieved is the strongest possible argument for the government to make firm use of the powers given it by Parliament.

The public is tired of overlapping appeals and of the coupling of war and peace expenditures by the organizations appealing.

Stop Me If . . . .

The Winnipeg Tribune tells of a four-year-old "victory" visitor, who arrived from England recently.

During the last three nights before the family left Devonshire, there had been air raids or air-raid alarms every night. It had been necessary to spend an hour or two in the air raid shelter each night.

By this time children had become thoroughly familiar with other phases of wartime England. They knew about "rationing," and what it meant. Rationing meant that you could not have so much sugar in your cocoa, and so on.

Thus, on the last night before sailing, when wakened up to go to the air raid shelter, the four-year-old remarked:

"Mummy, we're having our sleep rationed too, aren't we?"

Week in Business

Buying Power of West To Be Maintained

Good Crop and Guaranteed Price Indicate Continued Activity in Western Trade — Favorable Balance of Trade Lower

Harvesting of the western wheat crop is expected to be well under way by next week and indications point to at least a good average crop being harvested. With a price of 70 cents a bushel again guaranteed to the farmer, it is evident that spending power of the west will again be maintained, provided storage for the crop can be assured. Last autumn the first impetus to western business came from the larger wheat crop.

Meanwhile war business continues to accelerate the demand for materials and workers.

Canada's foreign trade also continues to expand. Total exports and imports for the first six months of 1940 were $1,044 million against $724 million last year. Exports for the six months at $548 millions were $145 millions above 1939 while imports rose $175 millions to $496 millions from $321 millions. The favorable balance of trade, however, has been reduced about $30 millions to $52 millions. This was due to an increase of $86 millions to $146 millions in the adverse trade balance with the United States which more than offset a gain of $77 millions to $174 millions in the favorable trade balance with the United Kingdom. The favorable trade balance with other countries has also fallen $21 millions to $23 millions. These developments explain the additional efforts made recently by the Foreign Exchange Control Board to preserve Canadian Exchange.

While off to a disappointing start, the summer tourist trade is now reported showing improvement. Special efforts by various service and business organizations to attract visitors from the United States now seem to be bearing fruit. Whereas at the beginning of July American cars in Eastern Canada were still rare now they are seen fairly frequently.

Adjustment of their affairs to meet the requirements of the Government in its military training plan is attracting much of the attention of businessmen. In the coming months it is estimated several hundred thousand men will be called out for training. While business firms are anxious to co-operate to the full with the Government in the matter, it is obvious that considerable inconvenience to business will result. A number of firms will make financial allowance of varying proportions to their men while away at camp.

Business Indicators

Current business steady with D.B.S. index of business activity for week ended July 20 slightly above previous week and slightly below last year.

Carloadings for week ended July 20 about 20% above last year. Total for year to date up 17%.

Gross railway traffic earnings for third week of July show increases of 40% and 26% for C. N. R. and C. P. R. respectively. Totals for year up 31% and 23% respectively.

Iron and steel production in June up 69% and 54% above last year respectively. Gains for six months 85% and 65%.

Electric power output in June 14% higher. Cumulative for half year up 9%.

Total imports in June up 43% over 1939. Total for six months up 54%.

Bank debits down slightly in June from year ago. Total for year up 12%.

Trend of business shown by The Financial Post Business Index and following key factors, new items for the week being marked thus ■.

TREND OF BUSINESS—	July 20	July 13	July 6	June 29	July 22/39
Weekly index of business, D.B.S.	102.7	102.4	103.4	104.2	103.2
Commodity prices index no.	82.0	81.7	82.2	81.6	72.8
	June	May	Apr.	Mar.	Year Ago
The Financial Post business index	*141.7	136.2	133.5	129.5	118.8
Retail sales index no.	....	89.0	88.9	83.7	80.9
Dept. store sales index no.	80.2	82.3	84.6	76.6	72.1
Wholesale sales index no.	...	127.0	107.5	97.1	106.1
Country store (% change pr. yr.)	....	+8.5	+6.8	+8.8	—2.8
EMPLOYMENT Index No's., D.B.S.	June 1	May 1	Apr. 1	Mar. 1	Year Ago
All industries	120.9	114.3	111.9	113.5	113.1
Manufacturing	129.2	125.7	123.4	122.6	111.4
Wage earners, no. 000's		...	2,353	2,304	2,186
Living costs weekly budget	$17.72	$17.85	$17.76	$17.75	$16.92
			Jan. 1 to date		%
RAILWAYS—	1940	1939	1940	1939	Change
■Carloadings (week July 20)	57,125	47,657	1,466,203	1,254,203	+16.9
■C.N.R. gross (week July 21) $	4,907,208	3,536,886	128,809,256	98,023,788	+31.4
■C.P.R. gross (week July 21) $	3,408,000	2,696,000	85,336,000	69,387,000	+23.0
C.N.R. net revenue (June) $	5,561,206	•12,096	16,200,083	•505,417	.....
■C.P.R. net revenue (June) $	2,923,054	1,063,318	12,636,006	5,351,343	+136.1
IRON AND STEEL—June—					
■Pig iron production (tons)	88,656	52,805	549,627	296,521	+85.5
■Steel ingots and castings prod. .... (tons)	166,213	107,902	958,246	580,141	+65.1
AUTOMOBILES—(Number)—					
Passenger Cars:					
Domestic sales* . (May)	16,579	14,334	57,004	45,889	+24.2
Factory output .. (June)	8,739	10,585	72,286	69,968	+3.3
Trucks and Buses:					
Domestic sales* .. (May)	3,961	3,503	14,066	11,136	+26.3
Factory output .. (June)	9,191	3,930	38,626	23,787	+62.6
Exports .... (May)	4,276	5.496	19,594	28,717	—31.8
Financing:					
Used .... (June) $	4,859,310	4,259,442	21,453,373	18,230,228	+17.7
New .... (June) $	4,018,905	3,246,659	19,807,227	15,617,916	+26.8
CONSTRUCTION—					
Contracts awarded . (June) $	39,097,000	25,196,300	125,435,500	83,445,900	+50.3
Cement prod., bbls. (Apr.)	420,000	274.000	1,067,345	716,917	+48.9
AGRICULTURE—					
Flour prod., bbls. .. (May)	1,282,906	1,191,778	6,397,334	5,634,476	+13.5
Flour exp., bbls. ... (June)	509,308	401,189	3,752,006	2,223,298	+68.7
Wheat exp., bush... (June)	13,570,107	14,637,016	67,702,282	51,313,467	+31.9
Cattle sales▴ ...... (June)	72,661	66,012	449,560	455,161	—1.2
Hog sales▴ .... (June)	324,187	206,611	2,323,432	1,583,816	+46.7
SEA FISHERIES—‡					
Catch cwts. .... (June)	805,000	975,800	4,740,650	3,873,750	+22.3
Landed value .. ... (June) $	1,744,400	2,240,000	6,290,600	6,053,850	+3.9
NEWSPRINT—					
Production, tons ... (June)	315,343	240,545	1,641,987	1,341,064	+22.4
Exports, tons ...... (June)	320,654	244,655	1,505,142	1,215,117	+23.8
MINING AND OILS—					
Coal prod., tons ... (May)	1,245,834	1,136,381	7,047,297	5,725,555	+23.1
Coal imports, tons.. (May)	2,372,411	793,212	4,313,023	2,494,295	+72.9
■Gold prod., fine oz. (May)	442,521	432,359	2,120,765	2,055,662	+3.2
Crude oil prod., bbl. (Apr.)	634,900	559,400	2,347,459	1,836,066	+27.8
Crude oil imp., bbl. (May)	4,864,437	3,643,726	11,238,400	9,753,800	+15.2
ELECTRIC POWER OUTPUT—June—					
■Total monthly, 1,000 kw.h.'s	2,578,883	2,245,537	14,968,503	13,744,252	+8.8
FOREIGN TRADE—♦					
■Imports .... (June)	90,704,835	63,709,402	496,100,785	321,079,319	+54.5
Exports .... (June)	111,621,656	77,569,799	553,711,029	408,466,341	+35.8
OTHER INDUSTRIAL FACTORS—					
Dressed lumber exp.: 1,000 bd. ft. ...... (June)	246,477	205,851	986,305	929,854	+6.0
Shoes, prod., pr. .. (May)	2,192,983	2,038,517	10,974,957	9,399,098	+16.7
Cotton imports, lb. .. (Apr.)	18,300,000	4,467,000	80,174,000	25,142,000	+219.2
Raw rubber imp., lb. (May)	6,699,666	6,733,998	38,312,225	25,199,737	+52.0
Cigarette cons. No.† (June)	571,268	657,890	3,696,588	3,293,212	+12.2
Sugar manufactured .. lb.§	101,509,859	94,105,028	383,849,627	301,950,913	+27.2
FINANCE—					
Bank debits† ...... (June) $	2,681,585	2,831,082	17,001,690	15,133,304	+12.3
Bond sales† .... (June) $	40,593	105,458	1,139,218	799,570	+42.5
Life insurance sales (June) $	28,530,000	32.226,000	18,368,000	178,385,000	+5.5

*D.B.S. All Canada figure covering over 90% of the Canadian total.
†000's omitted. §For four weeks to June 15, 1940. ♦Gold excluded.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. *Final.
▴Total at yards and plants. •Deficit.
New items for week marked ■

GREAT LAKES 5-Day Cruises

as low as $40

Thrill to an inland ocean voyage on the smooth waters of the Great Lakes . . . lovely Georgian Bay, busy St. Mary's River, famous Soo locks. Interesting hours ashore at the Soo, Fort William and Port Arthur. Your ship a staunch Canadian Pacific steamer . . . deck games . . . dancing . . . tasty meals and cool, airy staterooms.

Frequent sailings every week from Port McNicoll and Owen Sound

ALL-EXPENSE CIRCLE CRUISES

5 Carefree Days . . $40 Including visit to Mackinac Island via S.S. 'MANITOBA'

5 Thrilling Days . $50 via S.S. 'KEEWATIN' or 'ASSINIBOIA'

Reservations and booklets from your travel agent or

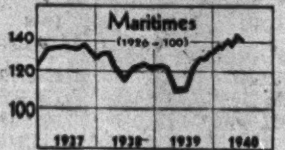
Any Canadian Pacific Agent

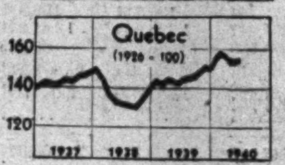
Canadian Pacific

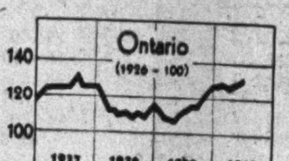
Business Above 1939 Level In All Economic Areas

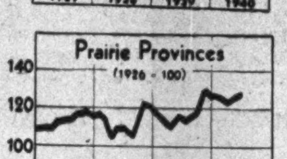
Increased economic activity in June over May, in all economic areas except the Maritime Provinces, is shown by The Financial Post regional indices. Compared with a year ago gains were shown in all economic areas.

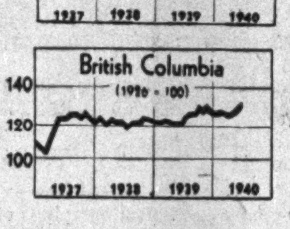
The greatest gain over last year was 23.4% in the Maritimes. Gains in employment in all sections were significant. Construction contracts were more than doubled in Quebec, the Prairies and British Columbia.











Trend of Business in Economic Areas

	June 1940	Change from June 1939 %	May 1940
Maritimes:			
Constr. contr. .... $	1,257,0000	—5.8	826,000
Bldg. permits‡ ...... $	227,000	—63.4	844,000
Life ins. sales $000	2,127	+1.3	2,500
Bank debits .. $000,000	61.9	+16.4	71.8
Elec. pwr. ... kw.h.000	77,972	+1.5	78,852
Employment*	124.0	+7.0	117.0
Index	141.8	+23.4	144.5
Quebec:			
Constr. contr. .... $	21,887,000	+136.0	8,877,000
Bldg. permits‡ ...... $	2,109,0000	—1.2	2,975,000
Life ins. sales $000	7,907	—13.5	8,336
Bank debits .. $000,000	745	—20.1	977
Elec. pwr. .. kw.h.000	1,087,747	+17.7	1,092,838
Employment*	126.6	+2.1	123.0
Newsprint prod. .. tons	315,343	+31.1	323,563
Index	156.4	+10.1	154.1
Ontario:			
Constr. contr. .... $	10,822,000	—13.1	14,113,000
Bldg. permits‡ ...... $	4,451,000	+65.6	6,515,000
Life ins. sales $000	12,265	—11.3	14,007
Bank debits .. $000,000	1,253	—2.2	1,403
Elec. pwr. ... kw.h.000	891,390	+16.7	946,831
Employment*	129.6	+13.0	126.6
Livestock slaughterings*	153.7	+20.8	177.5
Auto. production .. no.	17,930	+23.5	21,277
Index	132.9	+16.1	129.7
Prairies:			
Constr. contr .... $	3,666,000	+155.1	2,343,000
Bldg. permits‡ ...... $	1,259,000	—5.8	1,796,000
Life ins. sales $000	3,696	—13.8	3,917
Bank debits .. $000,000	455	+17.0	710
Elec. pwr. .. kw.h.000	162,619	+2.7	186,956
Employment*	112.4	+8.1	107.4
Wheat receipts .... bu.	12,756,000	+129.6	7,033,000
Wheat prices†	72/2	+17.0	79/6
Index	128.1	+11.6	127.3
British Columbia:			
Constr. contr. .... $	1,465,000	+109.9	1,935,000
Bldg. permits‡ ...... $	1,380,000	+28.3	1,679,000
Life ins. sales $000	2,238	—11.3	2,609
Bank debits .. $000,000	166.0	—5.6	177.7
Elec. pwr. .. kw.h.000	168,452	+5.6	172,737
Employment*	114.8	+3.4	112.0
Index	132.5	+6.5	131.2

*1926 equals 100.
†Cents and eighths of a cent per bushel.
‡Statistics for May and June, 1940, are given for 202 municipalities, and for June, 1939, there are 58 only.

Keeping Posted . .

By JOHN KIRKWOOD

JOHN C. KIRKWOOD

Printing and publishing ranks third among Canada's industries in salaries and wages paid. Pulp and paper industry ranks first, and railway rolling stock second. So reports Canadian Printer and Publisher. Most wage-earners in the printing trades work from 44 to 48 hours a week. The total production in the printing trades (six industrial groups) in Canada in 1938 reached a value of nearly $118 millions. The six industrial groups are printing, publishing, bookbinding, lithographing, engraving, stereotyping and electrotyping and blue printing. All told there were 2,296 establishments in these six groups in 1938. Ontario stands first with 963 plants and with 54% of the total production. Quebec ranks second, with 501 establishments and with 23.3% of total production. The average annual wages earned in Ontario were $1,412; in Quebec, $1,249; in Manitoba, $1,337.

* * *

Light Paint Saves Light

Interior painting in light colors usually pays for itself in a short time — this when it makes possible the use of daylight instead of artificial illumination. So declares Drug Merchandising, and in support of its contention it quotes E. H. Waldruff, president of Louis K. Liggett Company, Toronto. One of the Liggett stores, finished in a rather dark color, was paying a heavy light bill each month, since lights had to be on most of the day. In an attempt to improve the lighting, walls and ceilings were painted. The result was that it was no longer necessary to have lights on during the daytime, and the light bill was 28% lower the first month.

* * *

Tipping

Do you know that in first-class hotels from one half to two and a half employees are required for every registered guest? And do you know that the origin of the word "tip" may have been the letters placed on a colored box which was nailed to the wall in old English taverns or inns, with the letters "T.I.P." thereon—these letters signifying "to insure promptness." Guests dropped coins in the box to insure promptitude in servants.

There's a whole page on tipping in the July issue of Canadian Hotel Review. It starts off with "This tipping business has always been a headache to businessmen and employees." It goes on to say that tipping does offer an effective incentive to many employees, and that it would be necessary to charge more for rooms, feed, beverages and other hotel service if there were no tipping or percentage charge of the entire bill to meet the cost of service.

The article in Canadian Hotel Review says that the practice of tipping is fast approaching "ridiculous extremes," and declares that sales girls and soda jerkers have begun to receive gratuities, and that some people even tip at the Automat!

* * *

Hot Water Supply

How much do you know about domestic hot water? Once—so says Sanitary Engineer—an ordinary sidearm gas heater was the ultimate in luxury. But during recent years great technological advances have been made in the field of domestic hot water supply, and there are available today a variety of water heating mechanisms or systems—these, by way of example: furnace coils, cast-iron tank or jacket heaters, indirect heaters, tankless heaters, storage heaters, summer-winter systems, oil-fired heaters, immersion heaters, automatic control systems, gas heaters, electric heaters.

In regard to furnace coils, which are often considered as being suppliers of "free" hot water, they are anything but "free" in the opinion of heating engineers, who estimate that from 17 to 25% of fuel burned in the furnace or boiler is taken up in the operation of the coil—that the greedy hot water coil grabs a heavy "cut" of the fuel bill. Engineers do not recommend the furnace coil as a means of supplying a household with hot water. In regard to the jacket type of heater, engineers hold the view that manufacturers could sell double the present number sold if the unit were sold with automatic temperature control.

Because of the variety of mechanisms and systems for the heating of water, for the private home and for apartment houses, and because of the possibilities of error in choosing a particular method of obtaining hot water—a method which is related both to operating cost and to quality of service—one should, obviously, consult a dependable heating engineer. Yet much useful knowledge can be obtained by the layman from the article on domestic hot water heating in the June issue of Sanitary Engineer.

* * *

To Yukon by Air

Memories of the dreadful Klondike days of 1898—of the long and often fatal foot and boat journeys in Arctic weather to Arctic gold fields —come to one who reads of the 7-hour air service from Seattle to Juneau which Pan American Airways has provided as from June 20 of this year. This 950-mile flight to the centre of Alaska is made with a 4-engined plane. At Juneau the new service will link with the routes of Pacific-Alaska Airways, a Pan American subsidiary, operating from Juneau to Fairbanks, via Yukon Territory; thence to Bethel, and across Alaska to Nome on the Bering Sea.

The route over which the Clippers will operate was originally mapped out by Pan American Airways in 1932, and was surveyed, with a series of experimental flights, in 1938. An account of this new service, with a map, appears in Canadian Aviation for July.

One reads into the inauguration of this service military significance. The United States is perfecting its northern defenses against Asiatic menaces. Also, one thinks of the avowed intention of the United States to acquire Greenland, not for its natural wealth, but for protection against European enemies—Germany in particular. Greenland is becoming increasingly important to both Canada and the United States.

* * *

Sales Push

"Pint-sized selling capsules that hold a gallon of sales advice" is the intriguing title of a chapter in the book, "New Roads to Selling," by Harry Simmons (Musson). Here are one or two specimen capsules:

> Goodwill is the most precious commodity in selling.
>
> Modern business travels on its manpower. If you can constantly recharge your personal storage batteries, your power will be strong enough for any man.
>
> "The prospect's temperature never gets any higher than the salesman's selling temperature.

In this chapter are 88 capsules.

This book, says its author, is designed to give salesmen and sales managers a new interest in their selling and a new lease on life. It is intended to prove that there are so many new roads to selling that a salesman need never go stale, nor ever give up hope. This book should undoubtedly be made available to all sales managers and their sales staff by their employers. Always there must be an intake of new thought, new food, if vigor and vision are to be kept at a high point of efficiency.

Montreal Tramways Co. Settles With Union

From Our Own Correspondent

MONTREAL. — Montreal Tramways Co. has entered into new contract with the tramway employees international union, whereby members of the latter received an average increase of 5 cents an hour and a 45-hour week. The contract is retroactive and is effective from July 1 to Dec. 31.

Under the agreement the company will notify the employees before the expiration of the contract, whether or not it can afford to maintain the new rates. If the company finds it possible, another contract for a two or three-year period will be negotiated.

Dosco Pig Iron Output Higher

From Our Own Correspondent

MONTREAL. — Dominion Steel and Coal Corp. pig iron production at Sydney continued at near capacity during June, output amounting to 33,000 tons, as against 24,000 tons in the same month last year.

For the first half of 1940, Dosco produced 192,000 tons of pig iron. This contrasts with 109,000 for the like period of 1939.

European Supplies Of Wine Cut Off

Domestic Sources Increase in Importance as Imported

Some adjustments are being found necessary in obtaining supplies of wines sold in Canada, due to Italian, French and German sources no longer being open. Canada imported over $1 million of wine during 1938, the largest proportion or $283,000 of which came from France. Italy supplies $50,563 and Germany $17,091.

Uncertain sources as a result of shortage of shipping space are Spain, which supplied $206,080 in 1938, and Portugal, which provided $76,624. Other big sources are the United Kingdom ($112,992), Australia ($103,747) and South Africa ($43,749) which are understood to have not been affected.

Supplies of certain types of French, Italian and German wines already have been exhausted, although stocks of others still are quite heavy. Canadians will find it necessary to buy more and more of the domestic supplies as the stocks of European brands grow less. South Africa and Australia likely will be called on for more sherries and ports. California can supply a sparkling wine, although ordinarily practically no United States wine is imported. Total shipments from the U. S. in 1938 were less than $7,000.

Canadian wine companies, in which there is public investment interest, include Canadian Wineries Ltd., T. G. Bright & Co.—both Ontario companies—and Growers' Wine Co. of Victoria.

Aluminium Ltd. Paying Third 1940 Dividend

From Our Own Correspondent

MONTREAL. — Aluminium Ltd. has declared a dividend of $1.50 in Canadian funds on the common stock, payable Sept. 5 to shareholders of record Aug. 20. This brings payments for the year up to $4.50 a share, two other declarations of $1.50 each having been made in the first half of 1940.

Ottawa Boosts Advertising

Appropriation Up 50% Since War — Trade and Commerce Leads

From Our Own Correspondent

OTTAWA. — A 50% increase in government advertising as a result of the war was disclosed in a return tabled in parliament at the request of H. R. Jackman (Cons., Rosedale). The return showed that during the year ending March 31 last, various government departments spent $1,287,738.83, of which $805,834.96 was ascribed to normal peacetime advertising.

The information disclosed also included the contracts given by departments to advertising agencies.

Biggest advertiser was the department of trade and commerce, whose $377,643.88 was entirely for peace activities.

Leading figures for departments were:

	Peace $	War $	Total $
Agricult. .	77,243.19	166,747.79	243,990.98
Finance .	4,938.03	97,514.53	102,452.56
Fisheries.	4,375.25	197,479.23	201,854.48
Nat. Def.	19,996.17	5,099.92	25,096.09
Postmaster Gen. ..	19,616.69	....	19,616.69
Pub. wks.	28,869.74	635.17	29,504.91
Tr & Com.	337,643.88	....	377,643.88
Transport	266,602.99	176.64	266,779.63
	805,834.96	481,903.87	1,287,738.83

Advertising contracts let by various departments were shown to include the following:

	$
Agriculture:	
Canadian Advertising Agency Ltd., Montreal	241,035.41
Finance:	
R. C. Smith & Son Ltd.	1,576.40
Canadian Advertising Agency Ltd.	753.00
Cockfield, Brown & Co. Ltd.	2,608.63
A group consisting of R. C. Smith & Son Ltd.; Canadian Advertising Agency Ltd.; Thornton Purkis; A. McKim Ltd., J. J. Gibbons Ltd.; McConnell, Eastman & Co., Ltd.; Ronalds Advertising Agency Ltd.; and Cockfield, Brown & Co. Ltd.	97,514.53
Fisheries:	
Walsh Advertising Co. Ltd., Toronto	202,250.85
Post Office:	
Walsh Advertising Co. Ltd., Windsor	13,393.15
Trade and Commerce:	
McLaren Advertising Co. Ltd.	225,225.11
Thos. Skinner & Sons	636.30
R. C. Smith & Son Ltd.	36,055.65
James Fisher Co. Ltd.	33,947.05
Transport:	
Cockfield, Brown Advertising Co. Ltd.	204,790.08
McLaren Advertising Co. Ltd.	3,609.41

TO MANAGE RAILWAY

From Our Own Correspondent

MONTREAL. — Laurie Ells has been appointed manager of the Dominion Atlantic Railway, with headquarters at Kentville, N.S. Mr. Ells who has been superintendent, will in his new position have immediate jurisdiction over all matters pertaining to operation of that railway.

A CHECK-UP OF YOUR INVESTMENTS

A requisite of a sound investment portfolio is a periodic analysis by a competent investment consultant. This service may be obtained without obligation at any of our offices.

A. E. AMES & CO.
LIMITED
Business Established 1889
TORONTO
Montreal Winnipeg Vancouver Victoria New York London, Eng.

Investment Securities

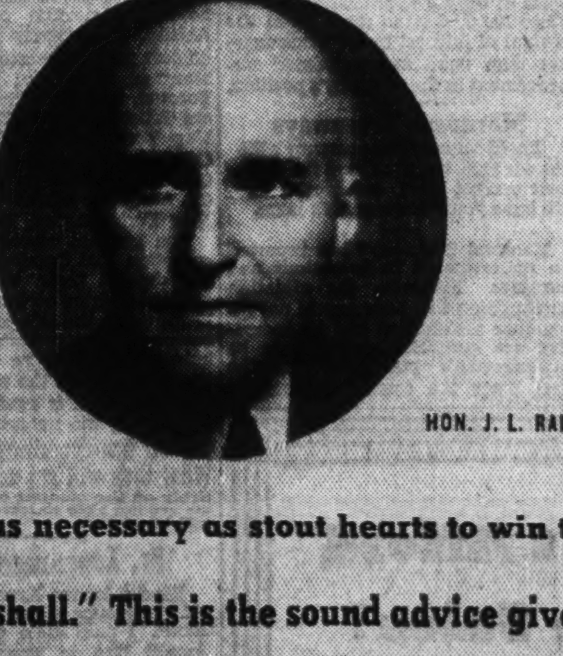
McLEOD, YOUNG, WEIR & CO.
LIMITED
Metropolitan Building, Toronto

Offices at Toronto, Montreal, Ottawa, Hamilton, London.
Correspondents in New York and London, England.

GLOBE ENVELOPES
Makers of Well Gummed Envelopes
Montreal TORONTO Winnipeg

ENVELOPES WITH BULLDOG GUMMING *All types*

"Cool Heads.. Stout Hearts"


HON. J. L. RALSTON

"Cool heads are just as necessary as stout hearts to win this war, and win it we must and shall." This is the sound advice given to all true Canadians by Colonel the Honourable J. L. Ralston, Minister of National Defence. Idle rumors must be disregarded. Sanity — faith — and courage must prevail. All our man-power, all our great resources, must be mobilized in the defence of our Dominion and our Empire. In doing your part, remember that life insurance dollars are helping to finance Canada's war undertakings — helping freedom and justice to triumph. Life insurance companies in Canada have subscribed millions of dollars to National War Loans. Life insurance stands guard over your home — your family — and your country. It is good citizenship to own Life Insurance

THIS MESSAGE IS SPONSORED BY LIFE INSURANCE COMPANIES OPERATING IN CANADA

Your Investments

What We Do:

1. Give information on Canadian securities to Financial Post subscribers.
2. Publish anonymously letters of general interest.
3. Supply facts rather than opinions.

What We Don't Do:

1. Answer enquiries of non-subscribers.
2. Answer enquiries on foreign securities.
3. Reply by telephone or telegraph.
4. Select lists of securities; express opinions; or make forecasts.

Three-cent stamp and address label from subscriber's copy of The Financial Post must be enclosed. Address letters to The Financial Post, 481 University Ave., Toronto 2.

Canadian Car

Can you tell me if you think it is likely Canadian Car & Foundry will soon start paying a dividend on its preferred stock?

Canadian Car and Foundry Co. financial statement for the year ended Sept. 30, 1939, explains why the company is not paying a dividend on the preferred stock. In that year there was an operating loss of $50,799, while the net working capital position was cut to $1.5 million.

Since then the company has secured a substantial volume of war business, added to which there has been a fair amount of industrial business. The company has yet to demonstrate whether it can earn money on its aircraft and other wartime business. It is generally understood that in the 1939 fiscal year the company experienced rather heavy losses in this particular department.

The working capital position of the company will undergo considerable improvement when the company gets the award made by the Mixed Claims Commission for damages to the company's Kingsland plant in the last war. There is no assurance that this payment will be made in time to include it in the 1940 accounts. Even if the company is able to reestablish earnings this year, a factor which may militate against payment of a dividend on the preferred stock is the new Dominion "excess" profits tax. On the basis of earnings in the last four years, the company would be subject to a very heavy tax unless the management can obtain exemption or allowances as a depressed industry.

Shawinigan

I am holding shares of Shawinigan Water & Power and would like to know what you think of the company's position at this time.

Shawinigan Water and Power Co. statement for the first half of 1940 indicated a satisfactory position. Gross revenue for the half year was the largest ever reported by the company for any like period. Net profit showed a slight advance. The failure of the net profit to reflect the gain in gross was due to the larger provision for the increased federal taxes.

For the past half year the company earned 52 cents a share as against 51 cents for the same period in 1939. The outlook for Shawinigan continues encouraging, but it is difficult to foresee any change in the present dividend rate in the near future. As an investment issue, the stock is highly regarded.

Imperial Oil

What effect will the war have on Imperial Oil Co.?

It is difficult at this time to forecast what the war will do to earnings of Imperial Oil Co. The chief effect in Canada so far has been to quicken the pace of general industrial activity, which means there will be a greater demand for all classes of petroleum products. On the other hand, the recent new higher taxes on cars may tend to depress the use of motor fuel. Like other companies, Imperial Oil will also bear heavier taxation as a result of the revised excess profits tax.

Revenue from Canadian operations was higher last year. It was entirely due to reductions in dividends received from International Petroleum Co., that final net profits were down to 71 cents a share from 96 cents in the previous year. As Imperial reduced its own dividends by 25 cents per share, the deficit remained at approximately the previous year's level.

It must be remembered, in attempting to analyze the possible effect of the war on this company, that it will not touch all branches of business in the same way. For example, International Petroleum Co., which expects a substantial increase in marketing of crude oil in the current year, can do at least as well under war conditions as it does in peace. Continuation of present industrial trends in Canada will undoubtedly mean greater consumption of petroleum products.

Earnings have not been on a sufficiently high scale in recent years to be seriously affected by the present excess profits tax. However, we would not look for a recovery of predepression earning power from Canadian business for this company for some time to come.

York Trading

Can you give me some details of the operations of York Trading Ltd. and its capital set-up? Have you received any details of recent operations?

York Trading Ltd. reported a 15% increase in sales in the first six months of 1940, compared with the same period of last year. Net profit in 1939 was $26,936.

The company is engaged in distribution of wholesale groceries and hardware to a trade of over 9,000 stores, including more than 1,000 members of a profit-sharing scheme. The main warehouse is in Toronto, with branches in Fort Wiliam, Kitchener, Orillia, Owen Sound, Hamilton, Peterborough and Belleville, Ont. Affiliates are located in London, Niagara Falls, Ottawa and Cochrane, Ont.; Montreal and Quebec City; Halifax and New Glasgow, N.S., and Sackville, N.B. The company serves four chains, Superior Stores, Carload Groceterias, Dominion Hardware and Mutual Stores.

Outstanding debenture indebtedness includes $100,000 participating debentures held by members of the profit-sharing scheme. Also outstanding is an issue of $80,000 5% income debentures.

Capitalization includes 30,000 shares of no par value common stock authorized, and 24,030 outstanding, of which about 2,500 are in the hands of the public. The balance is held by directors and common is the voting class of stock. Total of 24,000 $12.50 par preferred stock is authorized and 11,608 shares are outstanding, held by affiliate storekeepers. Common stock shares equally with the preferred in distribution of any dividends.

Montreal Power

Will you please let me have your views on the current position of Montreal Power and prospects for an increased dividend?

Montreal Light, Heat and Power Cons. report on operations for the current year indicates an expansion in activities and in gross earning power. On the other hand, the management has intimated that the increase in taxation will absorb practically all of the gain, so that the net profit position of the company in 1940 will not be much different from that reported in 1939.

The ability of the company to continue paying the present dividend on the stock is not questioned. Prospects of capital appreciation, on the other hand, depend more upon the revival of interest in the stock market than upon any anticiated improvement in the company's position.

Montreal Tramways

I hold some of this company's 5% bonds 1955, bought above the present market level, and would like to have your views on this issue.

Montreal Tramways has reported an improvement in operations and earnings. However, the situation surrounding this company is not altogether satisfactory and its securities are generally classified as "a businessman's purchase." In the first place the company's contract with the city is under investigation and possibly may be amended. The board of enquiry has not yet made its report.

It is not anticipated that recommendations of this board will affect the ability of the company to pay interest on its bonds. On the other hand, the board's report may have an influence, one way or the other, on the ability of the company to refund its first mortgage bonds of 1942. While there is any doubt as to the ability of the company to refund these bonds on a satisfactory basis, the position of the general mortgage bonds naturally is affected.

The problems facing the company are not insurmountable but as long as the uncertainty exists in respect to the outlook, then the securities of the company are discounted on the market.

Winnipeg Electric

I hold Winnipeg Electric series A bonds, purchased at 78, and would appreciate having your opinion on the merits of this security.

Winnipeg Electric Co. interim statement of operations this year indicates that revenues are on a satisfactory basis. While there has been no marked change in respect to earning power, net income has been sufficient to cover all charges in connection with the company's A bonds.

It is to be expected as the industrial tempo of the Winnipeg area increases, due to the war effort, earnings of the company will increase. At the same time, heavier taxes will absorb the greater proportion of such gains, so that the net position of the company in relation to the A bonds will not be affected.

Moose Jaw, Sask.

Have you any information as to what Moose Jaw, Sask., is doing to meet payments on defaulted bonds? Has there been a bondholders committee established and if so where can I get in touch with it?

No definite progress has been made as yet in reorganization plans for the City of Moose Jaw, Sask. An informal bondholders' committee has been trying to make arrangements for some kind of a plan. The secretary, F. L. Hancock, is endeavouring to obtain further information but so far has not arrived at any definite proposals.

Mr. Hancock has his office, care of Dominion Mortgage and Investment Assoc., 302 Bay Street, Toronto.

Abitibi Bonds

Has any dead-line date been fixed for deposit of Abitibi bonds to participate in the sale-and-purchase plan? What institutions are places of deposit? Is it correct that a bondholder has a very questionable chance of realizing anything if the sale is proceeded with and his bonds are not deposited?

Sept. 14 has been set as the last date for receiving deposits under the plan of procedure of the bondholders protective committee for Abitibi. Depositaries for the bondholders protective committee are the Montreal Trust Co., Montreal and Toronto, and the City Bank Farmers Trust Company, 22 William St., New York. Sub-depositaries are the Continental Illinois Bank and Trust Co., Chicago, and the Montreal Trust Co. and the National City Bank of New York, London, England.

You are not correct in your assumption that bondholders who do not deposit their bonds will not realize anything on their investment. If and when the sale proceedings are completed, non-depositing bondholders will receive their proportionate share of the amount of the sale. Provision is made in the plan for raising the necessary capital to pay off non-depositing bondholders. What they will get will depend entirely on the amount of the sale and we are not able to forecast what this will be as yet.

St. Lawrence Corp.

Kindly let me have a report on St. Lawrence Corp. A preferred stock. I paid $13½ an share and would like to know what you think of the outlook for the company.

St. Lawrence Corp. report for 1940 should show a sharp improvement in earnings. At this stage it is not possible to say whether or not the company will receive any income from its holdings in St. Lawrence Paper Mills or Lake St. John Power and Paper Co., but revenues from Brompton should be higher.

One factor which rather beclouds the position of St. Lawrence A stock is the "excess" profits tax. The pulp and paper industry is generally acknowledged to be a depressed industry and it is widely believed that the Government will make allowances for that in setting up the base upon which the pulp and paper companies will pay the profits tax.

Until that is known, however, there is a degree of uncertainty which has its effect upon the market interest and value of the A stock.

Richmond Buildings

What property does Richmond Buildings Ltd. hold? What is the outlook for the 7% bonds?

Richmond Buildings Ltd., operating a 12 story office building in Toronto, has not been able to do much more than meet operating charges with a small surplus shown last year. Tax arrears are expected to be cleaned off this year, but prospects for resumption of interest payments on the 7% first mortgage bonds seem somewhat remote.

The future outlook is uncertain as the company is suffering from the loss of one of the larger tenants who has not been replaced yet. This may require rental rates to be reduced in order to attract new tenants.

Current price on the bonds is 13½-17.

Who "Can't Afford" to Insure Sales?

Any Manufacturer or Jobber who believes he "can't afford" to carry Credit Insurance, *surely* can't afford unexpected credit losses, *surely* can't afford to have capital tied up indefinitely in past due accounts, and *surely* can't afford to lose sales because he *fears* losses.

Firms with limited capital are wise to protect that capital with

Credit Insurance

Whether you count the cost in terms of protection or in dollars-and-cents premiums, Credit Insurance is *economical*. Whether or not you have losses to be adjusted or past-due accounts to be liquidated by Credit Insurance, it *pays* to have it. You sell fearlessly; your banking position is solidified.

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Toronto 2, Ontario

Balance Sheets of Business — XIII

Construction & Supply Firms

By R. M. COPER

This week's survey covers the accounts of 14 companies engaged mainly in building and in manufacturing building products.

Anglin-Norcross Corp.
Building Products Ltd.
Canada Cement Co.
Canadian Dredge & Dock.
Canadian Wallpaper Manufacture.
Consolidated Oka Sand & Gravel.
Cooksville Co.
Foundation Co. of Canada.
Gypsum, Lime & Alabastine.
Laprairie.
National Sewer Pipe
Standard Clay Products.
Ritchie Cut-Stone.
Standard Paving & Materials.

Business developed very unevenly among these companies last year. Seven companies increased their net profits. Three others showed an improvement in that their operating losses in 1939 were smaller than the year before. Two firms which had a profit in 1938 had a loss in 1939. One company had no balance either way in both years, and one had a higher operating loss than in the preceding year.

Outlook Uncertain

The outlook for the current year is, on balance, viewed with great caution, particularly by companies whose business is greatly influenced by the construction activities of public bodies, especially municipalities. Thus National Sewer Pipe states that during the last war total sales of the industry were 78% of those during the four years preceding that war, and that from that it may be reasonably assumed that the company's sales volume will be reduced for the duration of the present war.

On the other hand, Building Products, for instance, anticipates another satisfactory year on account of the opinion that a considerable volume of low-cost residential building will be carried out during 1940 under the stimulation of the Dominion Government's building legislation. Canada Cement provides an example of an indefinite forecast stating that nothing can reliably be anticipated on account of the possible economic stresses of war and other factors.

Earnings Trend

Canada Cement is the largest company in the group, its preferred stock amounting to 86% of the group's total, and its common stock to 32%. In 1939 the company's net profit (before dividends and after depreciation) was $1.5 million, or 60% of the group total. As the combined preferred and common stock of the company amounts to 61% of that of the whole group, the outstanding total stock of the group earned, on the average, almost the same rate of profit as Canada Cement.

However, there are five companies which had an operating deficit last year, so that for those which made a profit, the rate of profit was on the average higher than that of Canada Cement.

There are seven preferred issues in the group. Two of them (Ritchie Cut-Stone $245,500, and Anglin Norcross $563,760) are not cumulative, and have not received a dividend during the period under review. All the others are in arrears of dividends, the arrears amounting to $7,222,793. Two companies, Canada Cement and Standard Paving, paid a preferred dividend last year, the latter only half the rate stipulated under the reorganization plan of May, 1939.

Payments on Common

Three companies paid a common dividend last year. Their common stock amounts to $5.67 millions. This means that for 1939 only 28% of the group's common stock, and 88% of its preferred stock received a dividend, and that 96.5% of the preferred stock is in arrears of dividends.

The depreciation charges increased in 1939. They amounted to 3.5% of properties, plant, etc., last year; 3.2% in 1938; and 3.7% and 2.7% in the two preceding years.

Working capital has on the average slightly decreased. The ratio between current assets and current liabilities has developed as follows:

Working Capital Ratio

1939	3.95—1	1937	5.31—1
1938	5.79—1	1936	4.14—1

Composite Balance Sheet
Construction & Supply Firms

	1939 $	1938 $	1937 $	1936 $
Assets				
Cash on hand	3,350,403	3,550,444	4,065,785	3,015,112
Accounts receivable	4,114,115	2,796,915	3,220,557	2,790,188
Temporary investments	3,926,343	4,087,564	4,223,041	4,092,932
Inventories	3,841,757	3,867,001	3,922,170	3,716,845
Misc. current assets	213,902	161,364	195,811	169,932
Invest. in subsidiaries	1,183,597	1,209,647	1,165,004	1,141,821
Other investments	1,053,380	562,960	22,958	60,035
Properties, plant, etc.	56,732,598	59,162,702	60,525,171	61,479,821
Misc., fixed assets	1,857,981	1,997,457	1,961,780	2,337,241
Year's deficit	......	351,831	......	......
Total assets	76,274,076	77,747,885	79,302,277	78,803,927
Liabilities				
Banks	188,110	266,082	161,905	983,663
Accounts payable	2,144,388	1,040,103	1,372,538	1,537,300
Provision for taxes	838,206	580,165	779,698	464,535
Misc. current liabilities	741,454	616,535	623,972	342,000
Funded debt	19,306,435	20,999,157	21,945,550	21,981,900
Other long-term debts	691,673	1,485,097	1,613,911	1,827,278
Reserves	2,123,591	2,111,349	2,152,881	2,081,268
Preferred stock	23,247,860	24,537,110	24,555,380	24,212,750
Ordinary stock	20,131,869	19,764,809	19,755,809	19,739,809
Cap. and distrib. surplus	5,984,041	6,347,478	5,498,157	5,282,509
Year's surplus	876,447	......	842,476	350,915
Total liabilities	76,274,076	77,747,885	79,302,277	78,803,927
Current assets	15,446,520	14,463,288	15,627,364	13,785,009
Current liabilities	3,912,160	2,502,885	2,938,113	3,327,498
Working capital	11,534,360	11,960,403	12,689,251	10,457,511
Depreciation charges	1,995,441	1,916,887	2,229,524	1,670,196
Bond interest	858,060	886,147	903,150	1,181,819
Preferred dividend	1,020,726	1,318,148	916,410	......
Ordinary dividend	575,492	580,521	657,168	681,532

MUNICIPAL HONOR ROLL

Five Years of Progress by Local Government

KITCHENER, ONT.

Kitchener, Ont., is the eleventh in a series of municipalities included in The Financial Post Municipal Honor Roll for 1940.

These municipalities are those which are considered to have shown stability over a period of years, or in recent years have made outstanding progress in improving their financial standing. No attempt is being made to run these in sequence of merit or size.

Last December, Kitchener sold $43,000 of five- and ten-year installment debentures on a 2.55% cost basis.

If more exact comparison with the provinces were possible it would be found that this municipality is able to borrow funds on more advantageous terms than some of the provinces.

A good financial history has sharpened the demand for this city's obligations and has been reflected in savings on debt service charges.

During the past five years the tax rate has been within a fraction of a mill of 42.

Debenture debt has been lowered progressively. The net debenture debt was reduced to $91.43 per capita at the end of 1939 from $122.26 in 1935. Taxable assessment valuation has increased from $25.7 millions to $27.3 millions in the same period.

General conditions in Kitchener have undergone considerable improvement in the current year, which will probably be reflected in financial operations for 1940. Building has received an impetus which should make possible the continuance of the upward trend in assessed value.

Statistical Picture

	1939	1938	1937	1936	1935
Population	33,450	33,309	32,825	32,862	32,567
Assessment (taxable; in $000's)	27,322	26,905	26,680	26,123	25,665
Assess. per capita $	816.08	807.74	812.18	794.67	788.05
Mill rate	42	42¾	42.55	42¼	41.70
Tax collections:					
Current collections to curr. levy %	88.41	88.25	88.25	86.82	86.21
Current & arrears to curr. levy	97.25	97.84	105.92	100.14	102.17
Res. for uncollected taxes $	190,617	162,017	132,017	138,063	109,657
Gross deb. debt (in $000's)	3,058	3,374	3,503	3,880	3,982
Less: Sinking fund	nil	nil	nil	nil	nil
Net debenture debt	3,058	3,374	3,503	3,880	3,982
Net deb. debt per capita $	91.43	101.29	106.72	118.08	122.26
Other liabilities	317,118	269,536	517,290	515,879	544,207
Relief exp. funded $	nil	nil	50,000	60,000	90,000
Relief met out of curr. rev.	46,367	57,856	38,539	35,392	32,136

Last Debentures Sold

Dec. 4, 1939—$20,500 2%, 5 year installment,
$22,500 2¾%, 10 year installment, sold at 99.82 to yield 2.55%.

Levy Bros. Listed On Toronto Board

Net Profit of $87,949 in 1939 Double Previous Year

Shares of the Levy Brothers Co. have been approved for listing on the Toronto Stock Exchange. The shares were posted for trading July 29, with ticker abbreviation of LE.

Listing covers the authorized 50,000 $1 par value common shares, all of which are issued. In addition to the common stock, the company has an authorized 5,000 5% cumulative redeemable preferred shares of $40 par value, all of which are issued. There is no funded debt.

The company carries on the business of wholesale and manufacturing jewellers which was originally established in 1857 at Hamilton. It was taken over by the present company in 1893. Authorized capital consisted of 2,500 $100 par value shares, which were split into the present common and preferred in Nov., 1939.

No Dividend Since 1937

The company has a dividend record on the old stock extending from 1894 to May 4, 1937.

Net profits as reported to the exchange of $87,949 for year ended Jan. 31, last, are more than double the figure for the previous year. Other financial statistics follow:

Financial Statistics
Years Ended Jan. 31

	1940 $	1939 $
Gross oper. profit	192,635	140,273
Net profit	87,949	35,539
Prov. for deprec.	2,818	2,479
Res. for conting.	26,250	......

Working Capital
At Jan. 31, 1940

	$
Current assets	592,353
Current liabilities	46,387
Working capital	546,966

Plant and head office is located in Hamilton. National Trust Co. is transfer agent and registrar. Annual meeting was held May 14 last.

Natl. Breweries Ltd. Business Holds

Business of the National Breweries Ltd. for the first six months of 1940 is reported to compare favorably with the corresponding period of 1939. Improved employment conditions are believed to have influenced higher sales. Continued improvement in the second half of the year is anticipated.

Remington Rand Profits Soar

Six Months Net Equals 85 Cents Per Common Share

Remington Rand Inc. reports net profit practically quadrupled for the first six months of 1940, compared with the same period of 1939. Net profit of nearly $1.8 million is equal to 85 cents per share on the common stock, compared with $473,260 or 3 cents per common share in the 1939 period.

Profit in the June quarter was $565,240, equal to 22 cents per common share, against $150,332 or deficit of 4 cents per share in the comparable 1939 quarter.

Interim dividend of 20 cents on the common stock has been declared.

Sinking Fund Earns Surplus in Saskatoon

Net earnings on the sinking fund account of Saskatoon, Sask., totalled $401,467 in 1939, and not $98,603 as stated in the July 20 issue of The Financial Post. The figure of $98,603 was referred to inadvertently as earnings instead of cumulative sinking fund arrears.

Andrew Leslie, City Commissioner, points out it is necessary to earn only $269,111 to comply with statutory requirements. Actual earnings, therefore, were $132,355 above the statutory requirements. For some years, continues Mr. Leslie, practically all of the sinking fund's surplus earnings have been transferred to the city's current account in order to keep taxation down to the minimum.

The city showed a surplus of $6,054 in 1939, and not $2,013 as reported by The Financial Post.

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Tamblyn Profits Up Over 26%

Increase is Bigger in Second Quarter Than in First

G. Tamblyn Ltd. reports more than a 26% increase in profits for the first six months of 1940, as compared with the same period of 1939. Sales are up over 3%. Profits as shown are after taking into consideration increased income taxes, but now allowing for possible effect of the revised "excess" profits tax.

According to estimates of The Financial Post, the company can show from 20 to 25% of an increase in 1939 earnings before being subject to the E. P. T. Profits in the second quarter increased about 45% over 1939, compared with an increase of 10% in the first quarter.

Sales and Profits

	1940 $	1939 $	Incr. %
First 6 Months:			
Sales	1,803,422	1,749,888	3.06
*Profits	54,988	43,601	26.11
First Quarter:			
Sales	910,394	897,464	1.44
*Profits	25,428	23,179	9.70
Second Quarter:			
Sales	893,028	852,424	4.78
*Profits	29,560	20,421	44.75

*After taking increased income tax into consideration, but not allowing for possible effect of revised "excess" profits tax.

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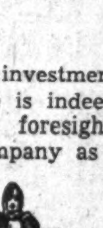

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THE FINANCIAL POST
Largest Circulation of All Canadian Financial Papers
Vol. XXXIV Member of Audit Bureau of Circulations PUBLICATION OFFICE: TORONTO, AUGUST 3, 1940 10c a Copy; $5.00 a Year No. 31

Canada's Industrial Revolution Arrives

By RONALD A. McEACHERN
Staff Writer, The Financial Post

Remaking the industrial map of Canada!

That is what is really happening behind the ghastly drama of war; behind the weekly march of vast war order announcements from the Dominion's capital.

Winning the war; making Canada and Britain mighty in arms is, of course, the immediate, dominating consideration.

But emerging out of this swelling programme of manufacture for war is the fact that a new industrial age for Canada has dawned.

There are two facts and a probability about this development which will leave a permanent imprint on Canada's business life.

Fact one: Major expansion of Canadian industry to serve war needs is now taking place. Much of the work is now in progress. Much of it has yet to be announced. The full measure of what all this means to the nation cannot be taken for years to come.

Fact two: This expansion is taking place mainly in two lines of industry, metal working and chemicals. Both of them, and especially the latter, have rich futures. They are well suited to Canada because of available supplies of raw materials and labor skills. Both of them are basic types which provide a broad foundation for the establishment of a host of other supplementary industries among which the building of air and sea craft are notable.

The probability: That Canada will become Britain's chief source of supply for the weapons of war, both for this war and for the armed peace likely long to follow war, hence an industrial giant great also in the arts of peace.

Why a New Era?

Why a new industrial era for Canada?

It was during the 1914-18 war that Canada reached industrial maturity. War created the economic opportunity for the foundation of many industries which, before that time, Canadians had avoided as unnecessary or uneconomic because of the limited apparent or "ready-made" market in Canada, and because of the availability of supply in United States and Britain.

Dozens of Canadian industries had their birth in those war years, for though the product made changed with peace, the organization, the experience, the spirit of creative enterprise and the existence of plants and machines, provided the drive that carried them on to build and enrich peacetime Canadian industry.

Here are a few figures to illustrate what happened Canadian industry during those war years.

At the start of the last war, gross value of Canadian manufacturing production was about $1,200 millions a year. By 1919, it was $3,221 millions. By 1937, it was $3,623 millions.

At the start of the last war the capital engaged in Canadian industry was about $1,800 millions. By 1919, it was $2,670 millions. By 1937, $3,465 millions.

The figures make it plain that it was the years of the last war that gave Canadian industry its major forward drive; that nothing since, the boom of the 20's nor the extraordinary technical developments of the last quarter century have had equal effect; that Canada held the gains made during the previous war.

Ultimate Effect

But is there justification for expecting that the effect of this war on Canadian industry will be comparable to the last?

It used to be said: Why build a motor car industry in this country when we can get them in United States? Now we have a vast motor car industry in this country.

Remember that the facts and figures you read about new plants being built and extensions to old plants being made are only part of the story. Every industry depends on the supplies and services of other industries and the other industries on still others.

Remember, too, that the creation of a new industrial plant, the bringing together of men and machines endows that organization with a life of its own apart from the product being made. Though its shells may no longer be needed, that organization has the means and the skill and the desire to make something else.

To do special jobs of war, plants are being expanded or new plants built. Their capital cost is simply part of the cost of war. As such government is bearing most of the expense. Result is that with peace, there are going to be "paid up" or "written off" plants, set-ups that in some cases will certainly make the difference between economic and uneconomic operations.

But there is another major consideration, staggering in its possibilities: the migration of British industry and the entry of Canadian firms into fields formerly left almost entirely to Britain.

Here are a few significant straws in the wind.

Two British plants which were under construction in Britain have been abandoned and the industries, closely related to the war effort, are now to be established in Canada.

One of the greatest industrial enterprises in Great Britain is now working on plans for the establishment of a series of stand-by plants in Canada; plants which would be ready to swing into production here when, for any reason, the corresponding British plant is put out of commission or needs rebuilding.

Negotiations are now taking place regarding the establishment in Canada of a plant to do work hitherto regarded as almost sacred to the British Isles.

All indications are that this is just the beginning of a trend.

The very large proportion of the new plants being constructed in Canada—or extended—is on behalf of the British Government. A few are for the Canadian Government directly, others are joint projects.

But the fact is that Britain is going to have a tremendously increased industrial stake in Canada; that here are going to be her brand new, up-to-date plants; that these plants hold out many advantages especially that of security in war; that events may drastically shift Britain's traditional lines of trade.

One "dollar-a-year-man" serving the war effort told me: "The effectiveness of Hitler bombs against British industry is not yet known and that is the key factor in this development. But one thing seems evident: From now on Britain will build a new war supply plant in Canada before she will rebuild a plant at home. It now seems altogether likely that Canada is becoming the real and the permanent arsenal of the Empire.

"When the war ceases I imagine that in a good many cases, munitions operations here will continue. Britain's ordinary peacetime production of arms and munitions is enormous in relation to the total output of Canadian industry."

What is Happening

Hon. C. D. Howe, minister of munitions and supply, this week gave a full report to the House of Commons on war orders; on what Canadian industry is and will soon be doing for the war effort.

Glance over this gigantic programme under the following headings. What is happening; How it happens, and The men who make it happen.

There is no longer any limit to the amount of war business that Britain wants to place in Canada. Britain is ready to buy anything here and in vast quantities. There is no longer any disposition to scorn Canadian industry as untried, lacking in versatility or in competence.

For the first nine months of war, little—very little—was asked of Canadian industry but to provide uniforms, boots, tents, pots and pails: the furniture of an army; hardly anything of the weapons of an army.

Canadian war industries are or shortly will be producing practically every type of war equipment with the exception of heavy guns and heavy tanks. The list includes the most modern types of machine guns, anti-tank and anti-aircraft guns, field guns and so on. Ammunition by the millions of rounds will be turned out for all types of guns including the heavies. Mechanical transport of several types is one of the important, big-volume Canadian contributions.

Very important is Canada's production of ultra-secret special devices for special needs, of which no detail is revealed. The volume of production in this line is naturally small but of the utmost importance. These are the instruments which spies steal and whose possession may or may not mean armed mastery.

An example of the type of thing referred to is the gadget which British navy scientists recently developed to render useless Germany's magnetic mines. The public has been told about the strand of wire girdling the hulls of Allied ships which has worked magic against the Nazi mines.

It may surprise Canadians—and it certainly has surprised official Britain—that Canada is now turning out nearly all types of these extra-special, extremely technical instruments.

Large though the war orders going through may be, it takes time to build plants, equip them and get into production. A good many of the new war supply operations recently announced will be turning out products during 1941. Others will not be in production until the following year.

Canada is nearing the limit of her capacity to produce war materials "within a reasonable time" in the opinion of some officials. What is "reasonable time"? By 1942: that is the year Britain is planning to take the offensive and rid the world for good of the Nazi menace. So far, The Post is informed, no orders have been placed which will not be delivered by that time.

The limiting factor on production within that time limit is the scarcity of machine tools and of skilled labor. Virtually all available supplies of machine tools have been or soon will be harnessed for war production. It is claimed in informed quarters that Canada is approaching a position where it will be impossible, especially in view of the enormous U. S. rearmament programme, to place large orders for machine tools and get them producing supplies within the 1942 time limit.

Suitable labor is another limit to Canada's capacity for war production, a factor which some officials fear may within three to six months begin to demonstrate its restrictive effect. It isn't lack of suitable labor that worries; it is the problem of mobilizing available skills and aptitudes; the problem of making proper use of what we have.

Limit Far Off

The limit of raw materials for war production is still, in most cases, a long way off and even then in most cases can stand much stretching.

Canada's proverbial wealth in copper, lead, nickel, zinc and other metals is well known. The metals controller, George C. Bateman, is entrusted with the job—and given ample powers to do it—of seeing that the needs of war industries for these metals are amply supplied and that the best possible use is made of our enormous production. There is no fear of shortage here.

One limit of practical concern is the capacity of Canadian plants to produce basic steel which must be had for practically every type of war supply. The rated—or theoretical—maximum capacity of present Canadian steel plants is about 2.5 million tons of basic steel a year. But the present actual production, regarded as not very far from real capacity, is at the rate of 1.9 million tons per year.

It is estimated that additions to present steel mills—additions that could be made rapidly enough to provide for additional steel production in 18 months or so—would turn out another 400,000 tons of steel per annum.

It is possible, of course, to stretch this limit time and again by establishing a system of priorities: by ruling that available steel must be provided war industries first; and all other needs be served with what is left in order according to a predetermined scale of national usefulness.

Canada's steel controller, Hugh Scully, has this problem in hand. He is now making a complete survey of the steel situation and hopes it will be unnecessary to set up a priority system.

Power—chiefly hydro-electric power—is another vital raw material.

Canada today has very little surplus over current needs from her harnessed power sites. This surplus will be eaten up almost entirely when some of the new enormous power-hungry plants for war materials get into production, it is being predicted. Expanding hydro power plants takes time, but important new power reserves can be harnessed within two years if prompt decisions are made.

How Needs Are Met

How actually are the needs of war translated into Canadian industrial activity?

The Department of Munitions and Supply, the revised version of the War Supply Board which was a revised version of the Defense Purchasing Board formed in the months prior to the outbreak of war, is the purchasing agent for war business from the Canadian and the British governments.

But it is more than an order-taker-and-filler. It has assumed the much broader function of industrial planning and of anticipating military needs.

Making the best possible use of available productive capacity and getting the best returns out of expanded plants is the real job of Munitions and Supply.

On ordinary supplies for the Canadian government, the requisition comes from the National Defense department. Munitions and Supply has a complete survey of Canadian sources of supply and circularizes the group of firms able to do the job. Firms then tender and the order goes to the lowest bidder.

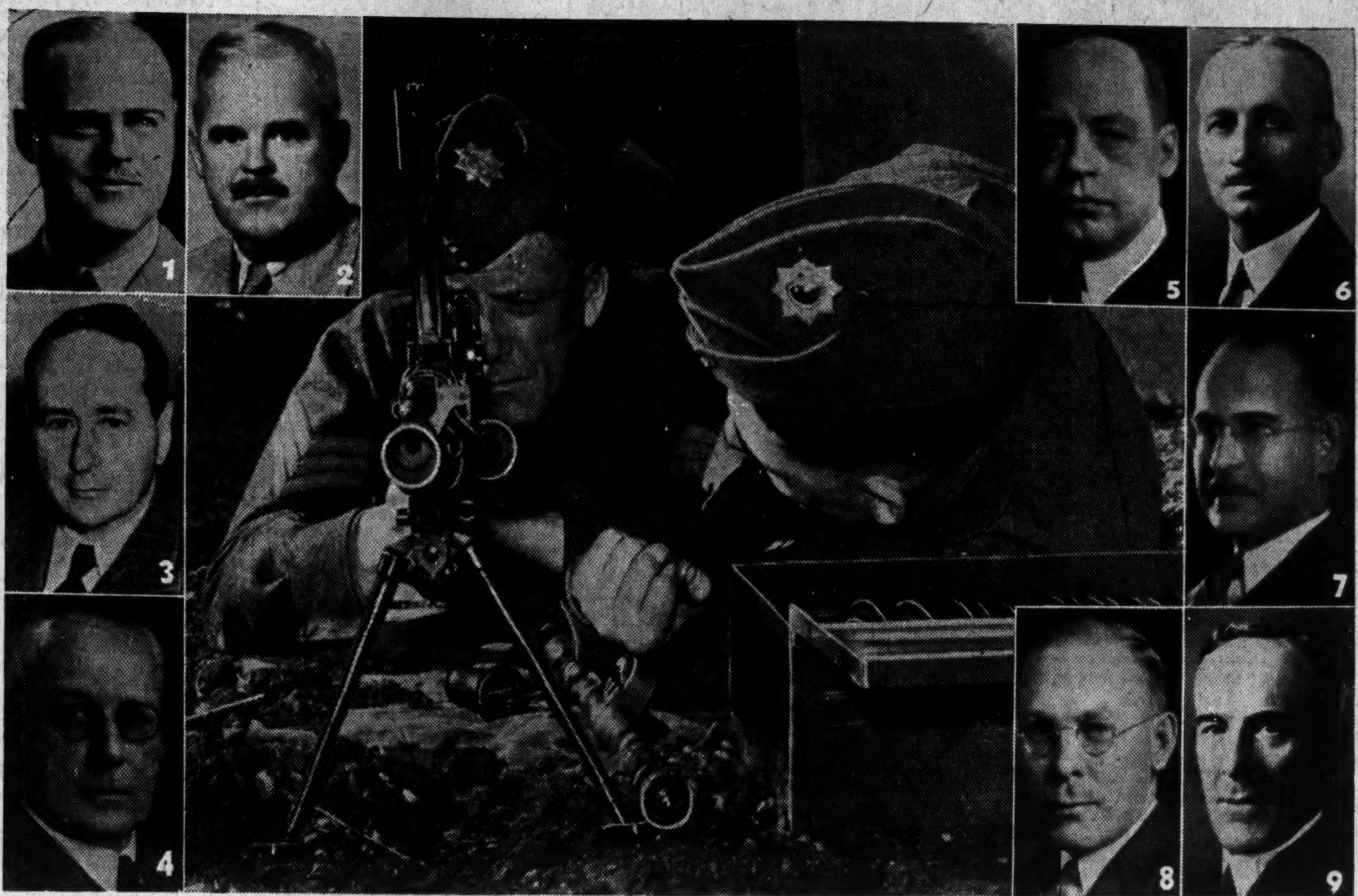
That relatively simple procedure suffices for the purchase of army pots and pans.

But the procedure in the case of special war supplies like guns and ammunition is less formalized. After all, most Canadians can tick off on their own fingers the firms likely to be ready to undertake arms and ammunition production.

For guns and ammunition, awarding a contract is seldom a choice between a group of firms. It is rather assigning to one or two firms a special job whether they like it or not; conscripting them for national service. With the volume of war supply orders that have materialized in recent weeks and which are now in process of developing, the factor of competition for contracts is almost entirely eliminated.

As reported by Mr. Howe the large proportion of recent arms and munition

(Continued on page 10)



The more than $400 million of war orders placed in Canada since the outbreak of war and the additional millions which are in the offing, plus the millions of dollars of capital being spent for the construction of new munitions plants are being translated into terms of men and materials by the Ministry of Munitions and Supply. Boss of the organization is Hon. C. D. Howe. Pictured here are his chief assistants; his working board of directors, the Executive Committee. These men are helping to direct the giant forces now remaking the industrial map of Canada.

1. E. P. Taylor, mechanical equipment, light arms, etc. His civilian job is president of Canadian Breweries, Ltd., Honey Dew Ltd.

2. W. C. Woodward is chairman of the executive committee and textile executive. He is president of Woodward Stores, Ltd., Vancouver and Edmonton.

3. Ralph P. Bell, aircraft production and president of the newly-formed government company, Federal Aircraft Ltd. He is director of Pickfords Black, Ltd., Halifax and other companies.

4. J. P. D. Malkin, general purchasing agent. He is a director of W. H. Malkin and Co., Vancouver; B. C. Packers and other companies.

5. G. W. Scott, executive on financial matters. He is the prominent Montreal chartered accountant.

6. W. A. Harrison, a general executive assignment. He is managing director of Estabrooks Ltd., Saint John, N.B.

7. G. K. Sheils is deputy minister of the Department of Munitions and Supply. His civil post is assistant general manager, General Steel Wares, Ltd., Toronto.

8. Henry Borden, K.C., is the legal executive. He is a Toronto barrister.

9. R. A. C. Henry, with a general executive assignment, is in peacetime general manager of Beauharnois Power Corp., Montreal.

Tenth member of the executive committee and missing from this group is Col. Eric Phillips, executive on naval requirements. He is president of W. E. Phillips Co. Ltd., Oshawa, and of the Duplate Safety Glass Co. of Canada Ltd.

Prospects Brighten For Next Winter's Coal

From Our Own Correspondent

OTTAWA.—Changes in the war situation, which appeared likely to curtail supplies of British coal for Canada, now seem to have assured virtually normal imports of Welsh anthracite and other British lines, federal officials believe.

Earlier expectations that Canada would have to forego Welsh anthracite, a popular domestic fuel in eastern Canada, have faded since British coal sources have been cut off from French and Italian markets. British desire to supply needs of French industry as long as France was an active ally were well known here, but at present outside the United Kingdom the chief market for British coal is Canada.

Consumers Co-operate

Reports received in Ottawa indicate that Canadian coal users, both manufacturers and domestic consumers, have rallied to the call issued earlier in the year to lay in coal supplies in good time to avoid difficulties later. All this summer coal dealers throughout Canada have filled deliveries steadily, and this movement is expected to take the edge off keen competition between household coal bins and the furnaces of war industries for coal stocks next winter.

Both from its own coal mines and from foreign sources, Canada has been stocking up on coal this year. Latest official figures show the total supply to be 3,000,000 tons above what it was last year. The figures, based on domestic production plus imports less exports, at the end of May, were:

1940	11,172,880 tons
1939	8,073,993 tons

Heavy Volume Mined

Production did not taper off in the summer months to the degree experienced in normal years. The Canadian output in May, latest month for which official statistics are computed, was 1,245,834 tons. This compared with winter production, although not the months of heaviest demand. The corresponding figure for May, 1939, was 1,032,368 tons.

At the same time, imports have shown a heavy increase, mainly from U.S. coal sources. Imports for May were 2,372,411 tons, of which 2,236,707 tons originated in the U.S. In May, 1939, total coal imports were only 793,212 tons. Analysis of the May, 1940, figure showed that the big item in it was the purchase of 1,698,313 tons in that month alone of U.S. bituminous coal in central Ontario.

The May imports were far ahead of any single month in 1939, and the total imports for the first five months of 1940 were nearly two million tons ahead of the corresponding figure in 1939.

Five-months figures to the end of May were:

1940	4,313,023 tons
1939	2,494,295 tons

Learn Lesson From Last War

Behind these figures is the story of Canada's efforts to control its coal supply in order to meet expanding demands of war industries and avoid trouble for its domestic consumers. The broad lesson of the last war, that war upsets imported supplies and makes distribution difficult, is the basis of the recommendation of the wartime prices and trade board, through its coal administrator, J. McG. Stewart, to consumers to fill their bins before they have to start the winter task of stoking their furnaces.

Though fairly normal supplies of Welsh anthracite and other British coals may now be received, the fact remains that Canadian consumption of British coal has fallen off by 400,000 tons since 1934, and shipping difficulties may prevent any expansion even if Britain has the coal to send.

U. S. Mines Benefit

Chief beneficiary of changes in the anthracite situation will be the U.S. The war is stimulating the trend of U.S. coal in Canadian markets. Canada normally imports up to 3,750,000 tons of anthracite. Distribution of sources in the past two years are shown as follows:

	Tons
1938:	
United States	1,974,000
United Kingdom	1,200,000
Others (chiefly Germany)	542,000
1939:	
United States	2,605,000
United Kingdom	1,034,000
Others	293,000

Even before the outbreak of war U. S. anthracite was displacing the British and European product in the Canadian market, and the war has accelerated this change.

But American coal suffers from adverse exchange rates, which add 11% of the price in Canada, and from the new excise tax which adds 10%. Here are selected figures representing the increased cost of a ton of U. S. anthracite coal purchased by a Toronto householder.

Cost at mine in U. S.	$6.05
Exchange on rail cost	.24
Duty	.50
Exchange at 11%	.70
Exchange tax at 10%	.67
Freight to Toronto	3.49
	$11.65

Comparative Prices at Toronto

	1940	1939
Welsh Cobbles, Spring	15.50	14.50
Summer	16.00	15.00
Winter	....	15.50
Welsh Blower, Spring	13.00	11.75
Summer	13.00 to 14.00	12.00
Winter	....	12.00
Penn. Anthracite, Spring	12.00 to 13.00	12.50
Summer	12.75 to 13.75	12.50
Winter	....	13.00
Pocahontas Nut, Spring ..	9.85	9.35
Summer	9.85	9.35
Winter	....	10.00

Costs Are Rising

Such calculation does not take into account rising costs of production that may mean $1 to $2 a ton before long. So far however, U. S. coal has been favored by slower increases in production and transportation costs, compared with either Canadian or British coal.

In this situation, Canada is turning more to its own sources of coal. Practically every factor that enters into the cost of British coal has advanced, creating a price increase of between $1.85 and $2 a ton in Canada. Ocean freight, for instance, was 6 shillings a ton. It went to 12s., until pegged at 10s. War insurance accounts for 14 or 15 cents a ton in increased cost.

U. S. sources are eager to extend their market in Canada, although it represents a relatively small market compared with domestic consumption in the U.S.

Alberta coal is gaining in the Ontario market, coal officials report. The reason is the comparative cost to the consumer, for Alberta coal at $12 or $13 a ton looks better to the consumer than U. S. hard coal at $16 a ton. The territory into which Alberta coal is moving has been confined largely to northern Ontario, but the prediction is heard that 1940-41 will be a big year for Alberta coal, bigger than the producers expect.

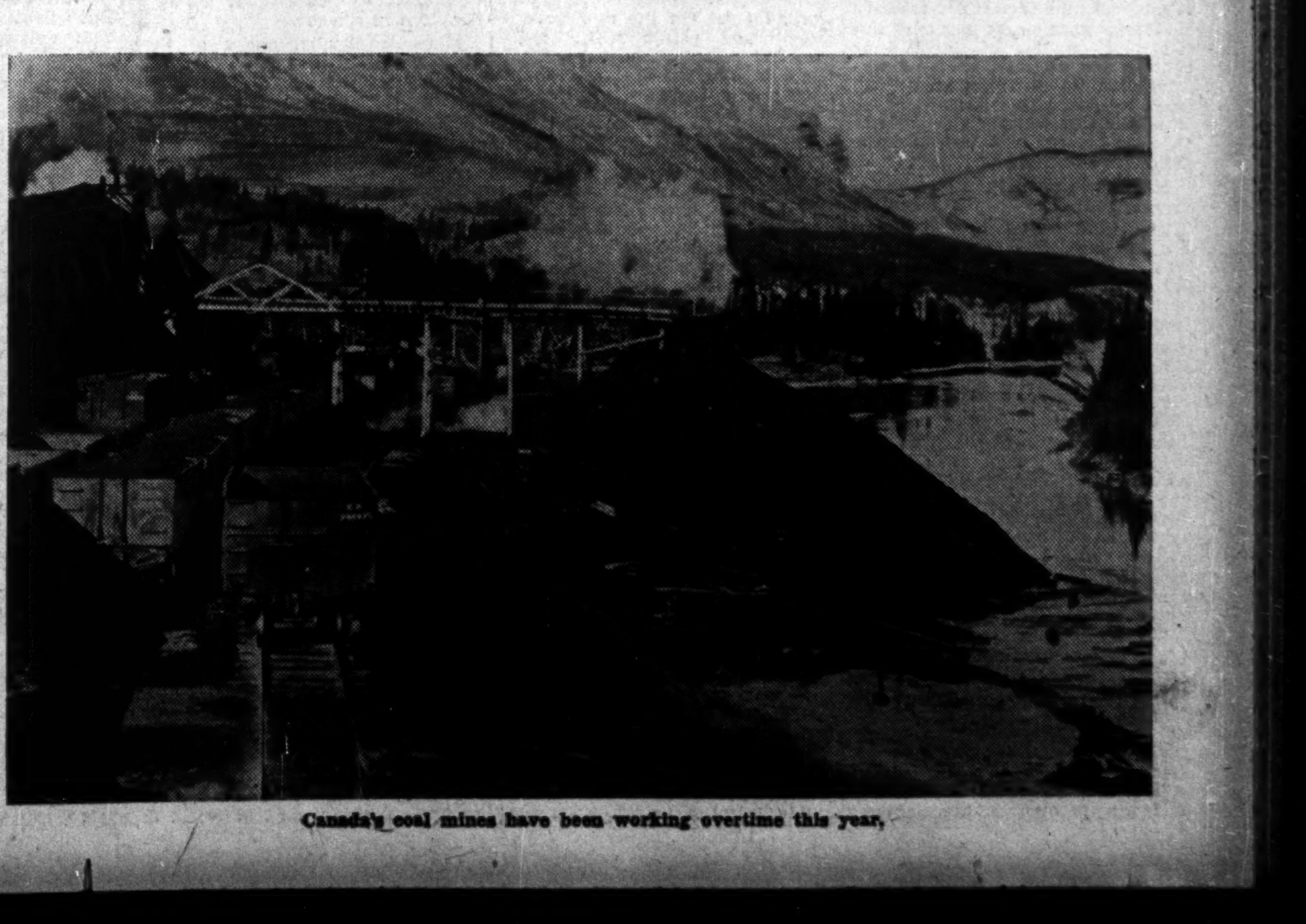
Alberta coal enjoys a subvention paid by the Federal Government of $2.50 a ton in all territory and beyond the distance where the freight rate reaches $8 a ton. This means a freight rate in virtually all Ontario of $5.50 a ton. A smaller market recently opened to Alberta coal is the head of the lakes region, hitherto not covered by the subvention because it lies within the $8 limit. In this territory a subvention of 30% of the freight is paid on Alberta coal, and this is bringing the product into Fort William and Port Arthur.

Last year, Alberta coal sales in eastern Canada rose by 30,000 tons.

Movement of Nova Scotia steam coal to the industrial area of central Canada is suffering from a serious shortage of ships to carry it from Sydney, N.S., to the St. Lawrence river docks. This shortage, a by-product of the war and the British admiralty's action in requisitioning colliers for service closer to home, is receiving careful attention from coal authorities. An unknown factor is the loss of ships at sea.

The normal movement of Nova Scotia is around 2.5 to 3 million tons, but this has been cut down considerably and an acute condition in the Maritime coal fields is in prospect. At the present time lake freighters and all cargo vessels that can be induced to call at Sydney are being used in carrying coal to Montreal. In addition, a movement by rail from Sydney to Montreal has developed, despite the cost advantage that lies with ocean traffic.

The big rush of coal in the winter months, as officials plainly foresee, may run into difficulties over lack of rolling stock. As Canadian industry is geared to war orders of all kinds, the domestic consumer of coal will find himself in second place on the list of customers. Factories producing munitions of all kinds will have first call, both on coal and on transportation facilities. That is the prospect which federal officials have in mind in arranging coal supplies and in using powers under the wartime prices and trade board to regulate the industry under license.



Canada's coal mines have been working overtime this year.

Pulp and Paper Industry

Extension of Pro-rating is Contested

Arguments Advanced by Both Sides Reveal Fundamental Difference of Opinion

In a series of four articles, already published in The Financial Post, attention was paid to the events leading up to the pro-rationing of newsprint tonnage as between Quebec and Ontario mills. The results of this policy also were dealt with in detail. The evidence showed that during the first year the plan had been successful, but since then non-compliance of certain companies had threatened to wreck the scheme due to lack of enforcement of penalties by the two governments.

Allied with non-compliance was the matter of exempted mills. The majority of the Quebec mills are opposed to continued exemption. Representations have been made to the Quebec Government and a copy of the brief filed with the special committee of the Ontario Legislature. The question of the exempted mills and their effect on the pro-rationing of tonnage as between the two provinces, is discussed in this article.

Pro-rating as between the newsprint manufacturers of Ontario and Quebec has undergone considerable deterioration in its primary function as an agency for the equal distribution of tonnage. In other respects it is an important factor in stability of operations, more orderly marketing methods and maintenance of price structure.

The scheme to pro-rate newsprint tonnage grew out of Ontario and Quebec's desire—to quote Premier Taschereau directly—

> "That the industry itself must put its house in order by eliminating the unfair disparities which at present exist in the operating positions of the various manufacturers."

This attitude was supported by Hon. Peter Heenan, Ontario Minister of Lands and Forests, when in the early part of 1936 he addressed a letter to Charles Vining, president of the Newsprint Association of Canada, saying:

> "It is believed that a major cause of instability has been lack of fair dealing between members of the industry. What appears to be needed is an equitable distribution of business between producers, on a fair and direct basis. With this brought about, it is not unreasonable to assume that stable conditions and equitable relations between provinces will result."

Operative Since 1938

The two governments' interest in and insistence on a plan for equitable distribution of tonnage is apparent from the above quotations. The scheme was to have started at the beginning of 1937. Because of a sharp upsurge in market demand for newsprint and consequent capacity operations of all mills, no action was taken until the beginning of 1938 when the market was entering a period of deflation.

The distribution of newsprint shipments before and after the policy went into effect is shown in the first table below:

Distribution of Shipments

	1936	1937	1938	1939	(5 mos.) 1940
Ontario companies	947,034	1,149,937	813,710	885,503	378,801
Quebec companies	2,106,007	2,327,309	1,485,279	1,657,793	759,188

Shipping Ratios (Percentage of Capacity)

	1936	1937	1938	1939	1940
Ontario companies	77.8	93.5	63.1	67.7	67.9
Quebec companies	86.5	95.5	55.1	60.1	64.4
All Canada	83.9	94.1	59.8	66.6	70.6

The situation may be studied from another angle, namely, the ratio of shipments to capacity. This is set out in the second table to show the returns for Ontario and Quebec mills as well as their relation to the "all-Canada" ratio.

These two tables reveal that the volume of business accruing to the Ontario companies of late has been more favorable than that for the Quebec companies.

Cases of Non-compliance

By the end of last March there were four cases of non-compliance with the pro-rating policy: three in Ontario and one in Quebec. In addition there were eight doubtful or casual cases of non-compliance.

The newsprint business involved by non-compliance of these commercial mills amounted to 80,000 tons, with over 75% "credited" to Ontario companies.

The overaverage position of the companies failing to comply with the policy naturally was at the expense of other pro-rated companies. Abitibi and Consolidated Paper at the end of last March were short 63,000 tons of newsprint business which would have been theirs had there been no cases of non-compliance. Moreover two other Quebec companies were short 17,000 tons.

To date Quebec Province is "short" of several thousand of tons under the pro-rating scheme.

Want All Mills Pro-rated

Because they believe that the inherent weakness which has developed in the pro-rating scheme is due to the exemption of non-commercial mills, nine newsprint manufacturers who constitute a major part of the industry in Quebec have petitioned the Quebec Government against exemptions from requirements of newsprint pro-rating.

The petition was presented by Brompton Pulp and Paper Co., Consolidated Paper Corp., Donnacona Paper Corp., E. B. Eddy Co., Lake St. John Power and Paper Co., James Maclaren Co., Price Bros. and Co., St. Lawrence Paper Mills Co. and St. Raymond Paper Ltd.

The petition was not sponsored by Canadian International Paper Co., Donohue Bros., Quebec North Shore Paper Co. and Anglo-Canadian Pulp and Paper Mills.

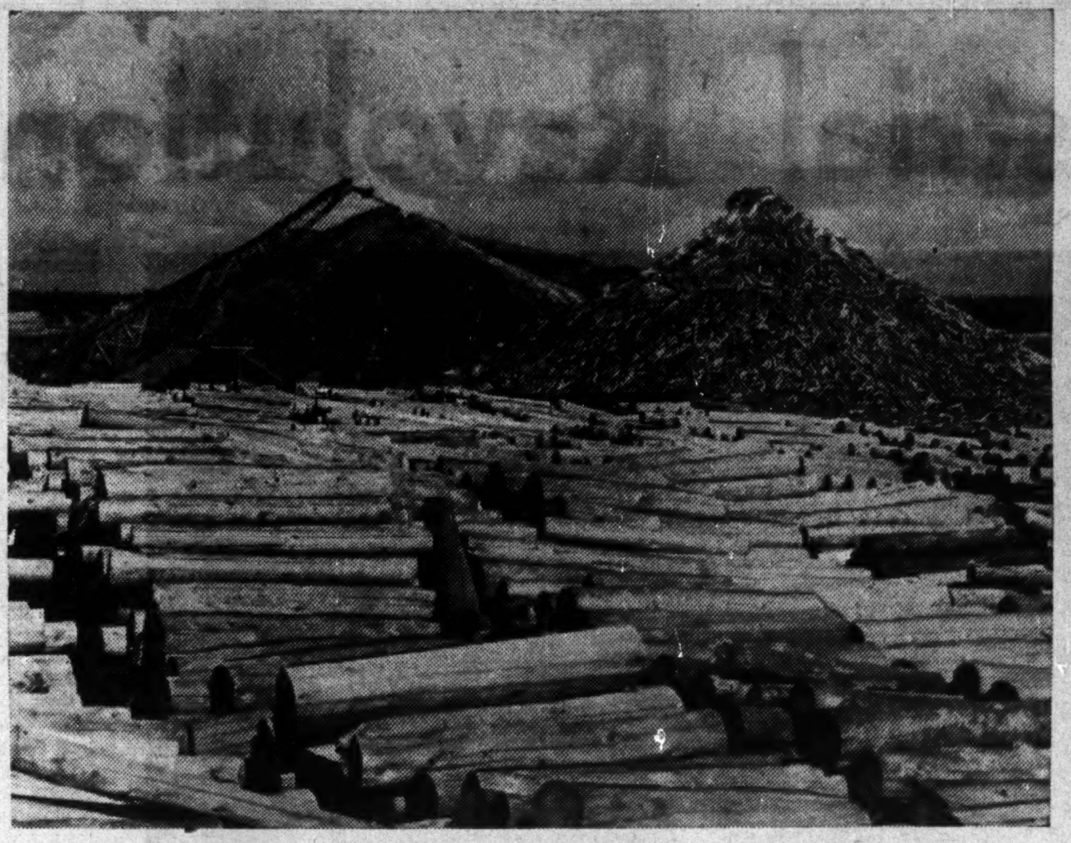
Extent of Exemptions

On the basis of claims put forward, namely, that their output is not for sale on the open market but solely to meet the requirements of their owner-publishers, first Ontario, and then Quebec, permitted the non-commercial mills to operate independently of the commercial mills subject to pro-rating.

Two mills operated by Ontario Paper Co. and owned by the Chicago Tribune, one in Ontario and one in Quebec, were first exempted. The Spruce Falls Power and Paper Co. mill in Ontario, partly owned by the New York Times, and the Anglo-Canadian Pulp and Paper Mills unit in Quebec, owned by English publishers, claimed and were granted exemption for part of their tonnage.

The exempted tonnage of these three companies has increased from 361,000 tons in 1938 to 418,000 tons in 1939, as follows:

	1938	1939
Ontario Paper Co.	233,933	274,261
Spruce Falls Co.	100,500	99,365
Anglo-Canadian Co.	27,085	44,469
Totals	361,518	418,095



SINEWS OF WAR

Pulpwood for processing into pulp and in turn into newsprint and other types of paper forms one of the Dominion's most important sources of foreign exchange. Only a small percentage of Canadian production is retained for domestic use. The rest finds its way to the United States, Britain and other overseas markets. This view shows the pulpwood reserve at the plant of the Bathurst Power and Paper Co., Bathurst, N.B., an important producer of kraft products, newsprint, etc.

Importance of Tonnage

This exempted tonnage last year constituted 9.9% of all shipments from Quebec and 28.3% of shipments from Ontario. It amounted to 16.6% or one sixth of total shipments from the two provinces.

The relation of the exempted tonnage to pro-rated tonnage is set out in the following returns for 1939:

Tonnage:	Quebec	Ontario	Totals
Pro-rated	1,438,178	658,382	2,096,560
Exempted	157,918	260,177	418,095
Totals	1,596,096	918,559	2,514,655

Quebec Operators' Claims

To return to the claim of the Quebec operators. They claim that there is no reason why these exemptions should not be stopped; in other words, non-commercial mills should be put on the same footing as commercial mills. They are not suggesting that the latter mills should be penalized, but that they "should receive, from our Government, the same treatment in meeting social relief responsibilities which the newsprint industry is expected to carry."

Their case briefly is as follows:

1. The governments of Quebec and Ontario require that newsprint mills in both provinces share or pro-rate their tonnage in order to spread employment and maintain stability.

2. Exemptions have been granted to certain mills. In Quebec exemption was given in respect of one out of every 10 tons; in Ontario in respect of nearly one out of every three tons on the basis of 1939 returns.

3. These exemptions mean serious losses to other Quebec mills and to the Province of Quebec.

4. The exempted mills have obtained exemption of claims which are not valid.

In discussing the claims of the exempted mills the Quebec operators direct their charges against the Ontario Paper Co. The latter is the principal and, in fact, the only wholly non-commercial newsprint mill in Canada. On the claims put forward by this operator the governments initiated exemptions and later extended them to other mills.

Ontario Paper's Answer

In justifying its position as an exempted mill, Ontario Paper Co. says:

1. It is not and never has been a commercial mill. The entire output of the Thorold and Baie Comeau plants is for the requirements of owner-publishers.

2. Pro-rating is not a social measure, but a marketing arrangement. When the pro-rating scheme was set up Ontario Paper was not included because the industry admitted and the governments recognized the non-commercial standing of the company.

3. Ontario Paper was not included in the survey made by the committee, nominated by the commercial mills, to determine capacity wherewith to arrive at a basis for the pro-rating of tonnage.

4. Ontario Paper did not contribute to the problems of the industry. The company built the Baie Comeau mill with the knowledge and approval of the Quebec Government. The troubles, such as overcapacity, were due to speculative excesses.

5. It joined the Newsprint Association of Canada on express condition that "we were not engaged in the business of selling newsprint and should not contribute to any of the activities relating to selling."

6. The company's investment was made in good faith and that enforcement of pro-rating on it would affect that investment.

Matter of Opinion

The Quebec operators contend that if the pro-rating policy is to bring about an equalization of responsibility for the social welfare of the communities in which the industry is represented, then that responsibility must be shared by all mills.

Obviously consideration by the Quebec Government to the claims of the Quebec operators must be based largely on whether or not pro-rating is a social measure within the limits claimed by the petitioners.

Hits at Principle

Ontario Paper Co. asserts that pro-rating is a policy conceived by the manufacturers themselves and put into operation with the knowledge and support of the governments. It does not regard it as a social measure, but a marketing or selling policy.

It is also contended that the Government's interest in pro-rating was primarily due to the difficulties which had developed among the commercial mills; difficulties in which the non-commercial mills had contributed in no way whatever.

The published letters of Premier Taschereau and Hon. Peter Heenan, it is said, show that pro-rating did not originate with the Ontario and Quebec governments, but with the commercial mills.

The claim is advanced that governments did not regard pro-rating as a social measure, but as a policy designed to bring about an equitable distribution of business among the commercial mills. Mr. Heenan's letter is quoted: "With this brought about it is not unreasonable to assume that stable conditions and equitable relations between provinces will result."

Quote Provincial Premiers

Further, it is pointed out that following completion of the engineer's survey of capacity, in which Ontario Paper did not and had not been asked to participate, Premier Taschereau wrote on June 2, 1936, to Mr. Vining saying: "We are concerned in fair and stable conditions of production for proper protection of wages and Crown revenues." He also said that the Government had no interest in fixing the price, but that a price having been agreed upon by a majority of manufacturers with their customers, then the Government would use its authority to secure a strictly uniform price.

A few days later Premier Hepburn wrote to Mr. Vining that: "Past conditions have been largely due to unfair differences between companies in their operations" and "we are going to require that each producer keep within his fair share of the industry's total business."

Ontario Paper Co. points out that these references are clearly meant for the companies subject to the survey; in other words, the commercial and not the non-commercial mills, which were not engaged in selling on the open market.

See It Otherwise

The Quebec mills argue otherwise. They believe that Ontario Paper Co. has adopted a "fundamentally erroneous conception of the Government's pro-rating policy," regarding "it merely as a commercial sales matter designed to assist commercial interests."

Moreover they say that the Ontario Paper Co. interests "endeavor to ignore the facts that the governments were primarily actuated by social considerations for the spreading of employment and relief and that, to assist this purpose, the manufacturers have assumed substantial responsibilities and operating burdens equivalent to social relief taxation."

There is a wide gulf between the beliefs of the two groups on the objective of the pro-rating policy. It is a fundamental difference. The Quebec group do not recognize any mills as non-commercial and on the claim that the "exempted mills have obtained exemption on claims which are not valid," are now endeavoring to bring all mills within the orbit of pro-rating.

Canada's Industrial Revolution

(Continued from page 9)

orders for Canada have been placed on behalf of the British Government or jointly with the Canadian Government.

How is this worked out?

The first form of a British war order comes to this continent in the nature of a query: "Can you, will you, do so and so, when and for how much?"

In Ottawa is Britain's purchasing agent for Canada, Mr. Howe; in New York, Britain's purchasing agent for United States, Arthur Purvis. In many cases both men are consulted about the same query. It doesn't make very much difference anyway, because the two work so closely together that they try to steer the business into that country where it can best be handled in any case.

It is a subject of wide comment in recent weeks that Britain is very noticeably less uncompromising in her demands about specifications which have nothing to do with the effectiveness of an article. This was a subject of the utmost perturbation and impatience on the part of manufacturers on this continent some months ago when decorative curlycues had to be identical; when there were strictures even about the type of machine on which the article was made and so on. Now Britain wants production and wants it fast.

How are prices on war supplies determined?

This is a serious disappointment for the profiteers if any are left around. There are so many provisos for change or cancellation in these war contracts between government and manufacturer that they are not contracts at all in the ordinary sense of the word; simply working agreements. Price is worked out on similar principles.

The prospective manufacturer says: I think I can make that for such and such dollars. The government agreement then carries a clause that the profit to be made by the manufacturer will not exceed a certain figure, perhaps four or five per cent.

Government auditors regularly inspect the books of the manufacturer, watching that the profits are not over the figure allowed.

"It virtually amounts to conscripting industry for national service and paying it a nominal fee for management," one official observed. Asked if manufacturers working on war contracts were making any money, his reply was: "Not yet in many cases, though they should be getting a little out of it when they get into full swing productoin. Some of them are only making what amounts to a management fee. Nobody working on the largest orders is doing better than that so far as I know."

The manufacture of war supplies is not a commercial enterprise in the ordinary sense of the word, especially because the demand for the article disappears wholly or in part with the return of peace. Hence capital expenditures for production of war supplies are now regarded as properly the public cost. Otherwise, the public is likely to pay too much for war supplies, or the manufacturer is likely to be left unjustly holding a bag.

Mr. Howe has announced that more than $120 millions of new plants for war supply manufacture are now under construction. The total capital expansion of industry is, of course, materially greater.

Decisions for such grants are made after careful survey of the whole of Canadian industry and the conclusion that such expenditures are in the public interest.

No fancy system of writing off these capital advances has been worked out. On the new government-owned plants such as for chemical manufacture, the attitude taken is that the cost is real, no matter how treated by the bookkeepers.

Where a private industry makes capital expenditures on plant for war purposes, the operator is allowed to write off his first cost almost any way he likes, though generally this is done over the term of the first contract. It is pointed out that the public interest is protected here because the books of all companies working on war contracts are under constant government inspection and behind that protection again is the very effective instrument of the "excess" profit tax.

Is there any co-ordinated plan as to the geographic distribution of the war supply business, especially the creation or enlargement of new plants for war business? To that officials give the following answer:

Practical considerations, to a very large extent, have imposed a plan of their own; a pattern for the new map of industrial Canada.

Generally speaking the location of these new enterprises is determined by labor supply, availablity of low cost power and availability of special technical skills and superior management, I was told.

Said one official: "Usually we find it better to expand an existing plant than to build a new one. There are many advantages, especially in costs and in having skilled management and technical men right on the spot."

Because of the enormous quantities of electric power required in most chemical manufactures, new plants in this line are being distributed at the key centres of cheap power output across Canada, it was stated.

Who Make it Happen?

Who are the men who are translating these needs into realities; who are remaking industrial Canada?

The real boss—the top policymaker—of course is Mr. Howe and the Cabinet.

The men pictured at the beginning of this article form the executive committee of the Ministry of Munitions and Supply. Most of the members have their own special branch of war need to watch over, but every day at noon this committee meets to discuss individual problems and suggestions; then in the light of all the facts to make decisions of policy.

This is really like a working board of directors, each director directly charged with oversight over one branch of the enterprise; making decisions in concert.

More specifically, duties of the executive committee are stated as: assisting in matters of general policy; assisting in the formulation and execution of plans for organizing industry; approving any contract for which there exists but one source of supply in Canada; approving any contract placed with other than the lowest tenderer; studying the manufacturing or production costs involved in contracts which are placed without the calling of tenders.

This group is assuming a role in Canadian industry analogous to that served by the Bank of Canada in finance. Manned by prominent Canadian businessmen, it has the job and the power of making the best use of the industry we have; of co-ordinating the whole war supply programme for the best interests both of the government and the manufacturer. Just as an "every man for himself" policy is inefficient on the battlefield, this executive committee is the visible expression of the other policy, the attempt to effect complete, ordered industrial mobilization.

Then, there is the Wartime Industries Control Board, given powers to "conserve, co-ordinate, restrict and regulate" the supply of essential raw materials. G. C. Bateman controls metals; H. R. McMillan, timber; George R. Cottrelle, oil, and H. D. Scully, steel.

Aubrey Davis of Newmarket is special consultant on leather; F. C. Mechin of Imperial Oil on petroleum; C. W. Sherman on steel.

There are liaison officers in London and New York whose job it is to serve Canada's needs and advantage wherever possible on war supply problems. J. B. Carswell, former president of Burlington Steel, is serving in New York; Charles A. Banks of Bulolo Gold Dredging Ltd., in London.

But the detailed work of the department; the placing of orders and the direct contact with industry is handled by another group of men, some of them the best available experts in their field; all of them men with some special experience in the field they serve.

There is a purchaser of clothing, of aircraft, explosives, munitions, ships, machinery, wood products, motors vehicles, fuels and paints, medical supplies, foodstuffs, naval and militia stores, barrack stores. The names of the heads of these departments were given in last week's issue of The Post. Each of them is backed by one or more engineers or technical men.

Whether this job is being done as well as it could be under a different type of organization is a subject of sharp difference of opinion.

But giant forces are at work which dollar-a-year tycoons in shirt-sleeves and scores of technical assistants have not originated and cannot halt.

Those forces are remaking the industrial map of Canada.

Crown Zellerbach's Profit Is Doubled

From Our Own Correspondent

MONTREAL.—Crown Zellerbach Corp. and subsidiaries, including Pacific Mills operating in British Columbia, report a net profit for the year ended April 30 of $8,119,494. This is the largest on record and equal to $2.42 a share on the common, against $5,015,390 or $1.04 on the common in the preceding year.

Net profit in the quarter ended last April was $2,321,862, or 73 cents on the common. This compares with $1,531,006, or 38 cents a share in the like 1939 quarter and with $2,134,651, or 65 cents on the common in the three months ended January 1940.

So far in the current year the company's plants have been at full capacity.

BELL TELEPHONE STOCK

From Our Own Correspondent

MONTREAL.—Bell Telephone Co. of Canada has issued 225 additional shares of capital stock under the employees stock plan. This makes the total number of shares outstanding 815,969.

Kraft Products Firms in U. S. Are Indicted

Twelve Southern Operators Charged With Violating Fair Wages

From Our Own Correspondent

MONTREAL. — Thurman Arnold, head of the U. S. Attorney-General's anti-trust division, has obtained indictment against the American Pulpwood Association and 12 corporations that handle 80% of the nation's business in the making of kraft paper and similar products. They are accused of conspiring to keep down the wages of 70,000 forest workers.

Defendants in the case, according to the Paper Trade Journal, include the Johns-Manville Products Corp. of Virginia, New Brunswick Pulp and Paper Co., Champion Paper and Fibre Co., Gulf Streams Paper Corp., Mead Corp. of Ohio, National Container Corp. of Delaware, North Carolina Pulp Co., Southern Advance Bag and Paper Co., Southern Kraft Corp., St. Joe Paper Co., Union Bag and Paper Corp. and West Virginia Pulp and Paper Co. All have plants in the southern states.

Not Direct Employers

Although the charges were based on the alleged underpayment of three-quarters of the workers concerned, none of the corporate defendants directly employ any of these, it was said. The actual forest workers, more than half of whom are negroes, are employed by "producers" and "sub-producers" who supply the wood used by the defendants in making wood-pulp and paper products.

These "producers," however, are subject to strict control of the defendants, it was set forth in the indictment. The defendant corporations allotted territories to the producers, regulated, controlled and limited earnings and maintained forestry staffs that "supervise in detail the modern methods of cutting pulpwood on the part of producers and sub-producers," it was declared. Financial assistance was provided also by the companies to the producers and sub-producers who were the direct employers of the forest workers, the indictment alleged.

Paid Below Minimum

Under the Fair Labor Standards Act, the worker should have received at least 25 cents an hour up to Oct. 23, 1939, and 30 cents since then. Some of the defendants instituted time studies to fix piece rate wages that would enable an average worker to earn at least these minimums, but no adequate piece rates were established, the indictment averred. It was estimated that an average worker might earn about 19 cents an hour.

Fraser Cos. Net Rises Sharply

From Our Own Correspondent

MONTREAL. — Relatively sharp improvement is reported by Fraser Cos. Ltd. and subsidiaries' consolidated statement for the second quarter of 1940. Net earnings totalled $893,910, as against $292,876 a year ago.

Cumulative returns for the first half of 1940 show net earnings just short of $1.5 million, or nearly 200% greater than a year ago.

In commenting on the profit statement, the company emphasizes that a substantial amount will be required for Dominion, provincial and United States income tax, for which no provision has been made in the interim account. It was also stressed that the statement to June 30 shows provision for depreciation at substantially the same amount as a year ago, while it is possible that the rate of depreciation for the entire year will have to be increased to compensate for the increased rate of operation.

Earnings Statement
Quarter Ended June 30

	1940	1939
	$	$
Net earnings	893,910	292,876
Less: Bank interest	12,440	14,020
Spec. loan interest	16,851	21,338
Bond int. & exchge.	190,004	179,645
	674,616	77,872
Less: Depl. deprec.	298,267	262,408
*Net profit	376,349	d184,536

Six Months Ended June 30

	1940	1939
	$	$
Net earnings	1,469,706	506,730
Less Bank interest	25,784	27,992
Spec. loan interest	33,973	42,442
Bond int. & exchge.	382,818	362,488
	1,027,132	73,827
Less: Depl. & deprec.	553,886	521,366
*Net profit	473,245	d447,539

*Before providing for Dominion, Provincial and United States income taxes and Dominion excess profits tax. d—Deficit.

Lake St. John Sells All Pulp Output

From Our Own Correspondent

MONTREAL. — Lake St. John Power and Paper Co.'s mill at Dolbeau, P.Q., is currently selling all the surplus pulp that can be produced. The company has facilities for producing around 12,000 tons of unbleached sulphite over and above the requirements for its newsprint paper operations.

Sales of chemical pulp are up to capacity and the revenue from this source is proving an important factor in the marked improvement being experienced in the earnings of the company this year.

Petition Made On Abitibi

Quebec Shareholders Make Plea for Intervention of Governments

A petition has been sent to the premier and ministers of forests of Ontario and Quebec making a plea for "intervention" of the governments "in the threatened foreclosure of the shareholders" of Abitibi Power & Paper Co. The petition is signed by Gabriel Gaudry, B.A., L.L.L., of Quebec, "Secretary for the Committee." The committee is described as one of the Quebec shareholders.

The plea has been addressed also to Prime Minister King; Hon. Ernest Lapointe, Minister of Justice; Hon. C. G. Power, Minister of National Defense for Air; Hon. Raoul Dandurand, Leader of the Senate; and Hon. Arthur Meighen, Leader of the Opposition in the Senate.

Plea for Delay

The petition makes a plea "to secure delay in the foreclosure edict of Judge Middleton in order that reorganization, if it should be found necessary, may be effected in an atmosphere of clearer fact and clearer judgment and, more important still, in a spirit of compromise and justice."

The committee submits "that no intelligent plan of reorganization can be formulated in the present disturbed period with any degree of assurance that it will be either adequate or necessary when the present war readjustments shall need to be considered."

Comparative Study

The committee provides a comparative study of the many plans offered for reorganization, expressing the opinion that the swift rise of earnings in 1940 is steadily overcoming the necessity for reorganization. Best evidence of this, according to the committee, is that the working capital now stands at $14 millions, while it had practically vanished at bankruptcy. The study is "for the information of the various group interests in the property opposed to reorganization at this time."

The petition calls attention of the governments to the capital taxes and foreign exchange expense involved in refunding or reorganizing, in adverse exchange markets, with bonds which "for the most part" are "presently owned abroad." It also stresses the interest of provincial governments in the control and conservation of wood assets.

Newsprint Bonds Well Above "Lows"

From Our Own Correspondent

MONTREAL.—Gains of as much as 25% in value have been scored by Canadian newsprint bonds from their 1940 low to current levels. While the market as a whole has been rather unsatisfactory and most securities are currently selling at their low for the year, newsprint bonds have steadily and almost unnoticed advanced a number of points in value.

Newsprint Bond Prices

	Current Price	Low for 1940
Abitibi, 5's	54	42½
Consolidated, 5½'s	54½	46⅛
Donnacona, 4½'s	73½	63⅛
Great Lakes, 5's	84	80
M. & O., 6's	40	29⅛
Lake St. John, 5½'s	84	82
Price Bros., 5's	92	89

Scott Paper Co. Sales At Record Level

From Our Own Correspondent

MONTREAL.—Scott Paper Co. of Chester, Pa., which contracts for the output of the Minas Basin Pulp and Paper Co. at Hantsport, N.S., reports net earnings for the first half of 1940 at $752,806. This is equal to $1.12 a share compared with $1.09 a share for the first half of 1939.

BACHELOR
Cigars
100% HAVANA FILLER
10¢

JAMES W. SEWALL
Ruttan Block, Port Arthur, Ont.
Timber Cruises and Valuations
JAMES W. SEWALL
Old Town, Maine
PHILLIPS & BENNER

ANGLO-CANADIAN
PULP AND PAPER MILLS
LIMITED
Manufacturers of
NEWSPRINT PAPER
CAPACITY: 600 TONS DAILY
OFFICES and MILLS at QUEBEC CITY
Direct Connection With Both Canadian Railways
Privately-owned Wharf on Tidewater

Abitibi Power & Paper Company, Limited
TORONTO, ONT.
Owning directly or through subsidiary companies, mills at
Beaupre, Que.
Pine Falls, Man.
Sault Ste. Marie, Ont.
Iroquois Falls, Ont.
Smooth Rock Falls, Ont.
Fort William, Ont.
Port Arthur, Ont.
Newsprint
Groundwood Pulp
News Sulphite Pulp
High Grade Bleached Sulphite Pulp

DB COMPANY LIMITED
Steel Structures, Railway and Highway Bridges, Plate and Tank Work, Electric and Hand Power Cranes, Hydraulic Regulating Gates and Operating Machinery, Caissons, Barges, Coal and Ore Bridges, Liftlocks, Turntables, Forgings, Boilers - Heating and Power Types, Coal Pulverizing Equipment, Mining Equipment, Williams Buckets.
DOMINION BRIDGE COMPANY
LIMITED
HEAD OFFICE ... LACHINE (MONTREAL) QUE.
AMHERST MONTREAL OTTAWA TORONTO
WINNIPEG REGINA CALGARY EDMONTON VANCOUVER

SIGNAL FOR
O'Keefe's
it's better for you
OKEEFE'S BEVERAGES LIMITED

The same high quality as our INVINCIBLE & CORONA, except as to size!
BELMONT
B&H
Belmont Perfectos
A BENSON & HEDGES Value
10¢
Also Clarets & Panetelas

TRADE WITH GREAT BRITAIN

The ramifications of the Royal Bank of Scotland throughout Great Britain and the entire World enable it to handle every description of British Empire and Foreign Banking business.

Head Office:
EDINBURGH
254 Branches in All
LONDON:
Chief City Office:
3 Bishopsgate, E. C. 2

ROYAL BANK OF SCOTLAND

(Incorporated by Royal Charter 1727)

Total Assets ..... $429,679,150 ($5 to £1)

Associated Bank:
Williams Deacon's Bank Ltd.

The
WAWANESA
Mutual Insurance Company

Assets Exceed ... $2,600,000.00
Surplus 1,330,363.89
Dominion Govt. Deposit exceeds 1,000,000.00

Wawanesa ranks 1st against all Companies operating in Canada on Net Fire Premiums Written according to Dominion figures for 1939.

Head Office: Wawanesa, Man.
Eastern Office: Toronto, Ont.
Branches at Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal and Moncton.

2,000 Agents Across Canada

THE SAFE CONVENIENT WAY TO CARRY MONEY
Canadian Pacific Express
TRAVELLERS CHEQUES
OBTAINABLE FROM ALL CANADIAN PACIFIC AGENTS AND MOST BANKS

NOW A NEW HIGHWAY to GRAY ROCKS
Motor to Gray Rocks over new Route 11, only 2 hours from Montreal.
GRAY ROCKS INN — ST. JOVITE — QUEBEC

United States
Fidelity & Guaranty
Company
TORONTO

Staff Changes

The Bank of Nova Scotia announces the following staff changes:

K. S. RUSSELL, to be manager, St. John's, Nfld.

C. M. KILLAM, to be manager, Bloor & St. Clarens, Toronto, succeeding P. R. McMASTER, retired on pension.

E. M. ROBINSON, to be manager, Ciudad Trujillo, Dominican Republic.

S. ROWSELL, to be manager, Montague, P.E.I.

T. W. EVANS, to be accountant, Ciudad Trujillo, Dominican Republic.

Latest development in paper manufacture
"Sampson White Envelope"
has a bond finish; is carried in two weights; is brilliant white; is opaque, and has the unusual qualification of having the strength of a rag content bond three times the price.

Toronto Envelope Co.
LIMITED
366 Adelaide St. W., Toronto

Automobile and General Casualty Insurance
AGENCY INQUIRIES INVITED
LUMBERMENS MUTUAL Casualty Company
VANCE C. SMITH Chief Agent
CONCOURSE BUILDING TORONTO
Fire and Allied Lines Written in Associated Companies

Fire and Casualty Insurance

Revised Uniform Act Suggested

Changes in Statutory Conditions Suggested by Toronto Board of Trade

In a 40-page report the Toronto Board of Trade recommends certain important revisions in the statutory conditions in the Uniform Fire Insurance Act now in force in all provinces except Quebec.

For some years changes in these conditions have been discussed at the annual conference of the provincial superintendents of insurance. But such marked differences of opinion developed among the various groups interested that progress was difficult.

At the 1938 conference an offer by the board to organize a committee representative of all interested groups to study the whole question was accepted. The committee included representatives from the cash mutual insurance companies, the general agents, the stock tariff and non-tariff companies as well as buyers of insurance.

In arriving at its recommendations it took into consideration amendments previously proposed, conditions in the Quebec Fire Insurance Policy, the New York Standard policy including proposals of the National Association of Insurance Commissioners (U. S.) for amending it and the Standard United Kingdom policy. The report recommends rearrangement of the conditions and reduction in the number to 13 from 24, as well as changes in the wording in a number of cases. In other instances no change is recommended. The report also contains recommendations regarding the substantive law itself apart from the statutory conditions.

Misrepresentation

At different times considerable discussion has arisen in insurance conferences over the desirability of changing the wording of statutory condition No. 1, regarding misrepresentation of a fire risk. The clause in the uniform policy states that if any person applying for insurance "Fraudulently omits to communicate" to the insurer any material circumstance the contract shall be void as to the property respecting which the omission is made. Insurance companies have experienced difficulty in protecting themselves against certain claims where it was believed there had been a fraudulent omission, because the law placed on them the onus of proving a fraudulent intent which it was often found difficult to do. Accordingly it was suggested that the word fraudulently be omitted.

Buyers of insurance, however, felt that this placed too great a responsibility on them to report material facts. It was objected that policies might be void where the insured acting in good faith forgot to communicate circumstances or did not know that under the law they were material to the risk.

Positive Act Implied

The Board recommends that the word "conceals" be substituted for the words "fraudulently omits to communicate." The word conceals, it claims, does not require insurers to prove a fraudulent intent. Also, the board contends, it implies a positive as well as a negative act on the part of the insured. The proposed wording, it states further, has given satisfaction in the New York standard fire policy.

To protect the interest of mortgagees, banks and other assignees of fire insurance policies who bona fide hold the policies as collateral to debts, it is recommended that a clause be added to the statutory condition providing that it would not apply "as against the interest of a person other than the insured to whom the loss . . . has with the consent of the insurer been made payable."

An amendment to statutory condition No. 4 is also recommended restricting liability of insurers for claims arising from scorching, charring, singeing or blistering, due to the use of tobacco in any form, where no fire ensues.

Small Fires

The report points out that there has been a substantial increase in small claims for damage caused in this way, due to the growth of cigarette smoking, particularly by women. The total of these claims has reached such proportions, it is stated, that it has become desirable to place a limitation on them. Accordingly it recommends that the insurers shall not be liable for damage to linen, clothing, carpets, furniture and furnishings caused by scorching, charring, singeing or blistering due to smoking, where no fire ensues. This amendment has been suggested before except for the words "where no fire ensues." The addition of these words means that if a fire actually occurs the insurer will not then be absolved from liability.

Banking

Less Market Activity Reduces Bank Debits

Decline of 5% in Canadian bank debits in June compared with last year is attributed almost entirely to smaller dollar volume of trading on the large stock and commodity markets of the country. The value of stock transactions on the Toronto Stock Exchange in June was $8.5 millions against $18.5 millions in June, 1939 and $22.6 millions in May. In Montreal the value of stock transactions in June fell to $6 millions compared with $15.1 millions in May and $12.4 millions in June last year. In addition there was, of course, the trading in unlisted stocks, bonds, etc. Each transaction would probably represent two or more transfers of money by cheque. The figures for the Winnipeg Grain Exchange are not available but the volume of business done there is admitted to have been substantially lower this year. Bank debits at Winnipeg, however, in spite of this show an increase over 1939. Had the volume of business been normal it is estimated the increase would have been much larger.

Comparative figures for the whole of Canada and the three large centres for June are shown in the following table:

	Millions of Dollars June 1940	May 1940	June 1939
Montreal	664	895	838
Toronto	874	1,008	973
Winnipeg	283	525	232
Total three cities	1,821	2,428	2,043
Total all Canada	2,681	3,339	2,831

These figures show that the three centres named account for around 70% of the total debits at the 32 clearing house centres. The decline in the total for the three cities from a year ago in spite of the Winnipeg grain is 12% while that in the total for all Canada is only 5%.

Transfer of Deposits

In modern society the bulk of the money used is deposits in the banks which are transferred by cheque from account to account or bank to bank. The total volume of money transferred by cheque therefore is usually regarded as an indication of the volume of business.

In recent years, it is claimed, the service charges made by the banks have reduced the transfer of small amounts of money by cheque. Where formerly many people would pay for a pair of shoes or a hat by cheque they now carry the money with them to save the service charges. This, however, does not affect the amount of money transferred in larger transactions. Accordingly it is not considered a very important item in the aggregate amount of monetary transfers.

Apart from speculative activity on the various markets the general volume of business is admitted to be much larger than a year ago. Under the stimulus of war orders, production is on a higher level. More people are employed and payrolls are higher. The Financial Post Business Index for June stood at a higher level than ever before. Accordingly it is believed the volume of money being transferred by cheque in ordinary trade and industry is far above last year.

Debits to Individual Accounts
Millions of Dollars

	June 1940	May 1940	June 1939
Maritimes:			
Halifax	32.6	41.2	27.7
Moncton	11.2	10.3	9.4
Saint John	17.9	20.3	16.4
Total—Maritimes	61.9	71.8	53.2
Quebec:			
Montreal	664.5	895.2	837.9
Quebec	72.4	73.2	86.5
Sherbrooke	8.3	8.8	7.2
Total—Quebec	745.2	977.2	931.7
Ontario:			
Brantford	11.6	12.3	9.3
Chatham	11.4	10.2	13.6
Fort William	6.9	6.3	5.6
Hamilton	70.3	73.4	54.0
Kingston	7.6	8.9	5.9
Kitchener	13.4	16.4	11.3
London	37.2	40.4	35.2
Ottawa	153.3	156.7	113.1
Peterborough	7.6	7.7	5.9
Sarnia	7.3	6.7	8.8
Sudbury	8.3	8.4	7.2
Toronto	873.8	1,007.8	972.7
Windsor	44.2	47.6	38.6
Total—Ontario	1,253.0	1,403.0	1,281.5
Prairie Provinces:			
Brandon	3.2	3.3	2.9
Calgary	58.6	61.2	48.0
Edmonton	45.7	42.5	46.9
Lethbridge	4.5	4.6	4.0
Medicine Hat	2.3	2.2	2.0
Moose Jaw	6.5	6.8	5.6
Prince Albert	2.5	2.7	2.2
Regina	38.1	49.2	36.5
Saskatoon	10.9	12.2	8.2
Winnipeg	283.1	524.8	232.2
Total—Prairies	455.4	709.8	388.8
British Columbia:			
N. Westminster	7.3	7.3	7.4
Vancouver	126.0	142.1	129.4
Victoria	32.6	28.2	39.0
Total—B. C.	165.9	177.7	175.8
Grand total for Canada	2,681.6	3,339.6	2,831.1

Weekly Bank Clearings

	July 25 1940 $	Change Year Ago %	July 18 1940 $
Halifax	2,829,604	+23.3	3,063,973
Saint John	1,959,362	+11.6	2,120,514
Moncton	946,789	+6.2	912,952
Sherbrooke	773,135	+6.8	991,773
Quebec	4,613,640	+9.4	4,883,431
Montreal	86,182,213	—9.5	93,510,083
Ottawa	21,568,350	+55.1	18,988,329
Kingston	628,006	+14.7	683,428
Peterborough	549,075	+7.3	635,754
Toronto	88,093,764	+2.5	102,119,660
Hamilton	5,882,360	+22.4	5,595,746
Kitchener	991,832	+3.1	1,052,507
Brantford	879,549	+19.9	828,197
London	2,207,712	+11.2	2,497,876
Chatham	486,657	+13.8	686,251
Windsor	2,373,973	+14.4	2,823,293
Sarnia	406,715	—4.0	474,939
Sudbury	1,013,286	—12.5	924,709
Fort William	835,239	+40.2	843,698
Winnipeg	34,703,363	—1.3	31,825,404
Brandon	305,855	+2.8	340,825
Regina	4,066,271	+21.8	3,775,362
Moose Jaw	480,826	—14.9	575,642
Saskatoon	1,224,282	+25.1	1,199,910
Prince Albert	316,085	+3.2	325,978
Edmonton	3,773,986	+7.0	3,792,937
Calgary	4,313,628	—0.08	4,313,509
Lethbridge	409,941	—9.5	426,358
Medicine Hat	200,960	—8.7	207,402
N. W'minster	723,508	+5.1	650,768
Vancouver	17,643,245	+9.2	16,947,277
Victoria	1,784,862	+7.2	1,838,667

Company Reports

London & Lancashire

Underwriting results of the London & Lancashire Insurance Co. in 1939 were stated by Governor and Chairman Sir Frederick Pascoe Rutter, in his address at the annual meeting, to have been better than anticipated. He reported an increase in fire premium income of approximately $440,000, taking £1 as equal to $5. This increase, he stated, came mostly from abroad, "which means mainly our Empire."

There was, however, a decrease of about $450,000 in the premium income from the accident account. About half of this decline, he stated, was due to the home business which had been affected by the diminution of motor cars in private ownership. Many licenses, he stated, were not renewed on Jan. 1. There was also he said, for a time an increase in the number of losses due to collisions and accidents in the blackouts.

Marine premiums rose by over $1 million, due to war risk business.

Taking fire, accident and marine together, the company showed an increase in premium income of $1.1 million and, after the usual corrections and expenses of all kinds, a profit of $2.5 millions against $2.1 millions in 1938. After deducting income tax and National Defense contribution, a net underwriting surplus of $1.7 million is shown, compared with $1.4 million the previous year.

Phoenix

Premium income of the fire department of Phoenix Assurance Co. Ltd. of London, England, for 1939, at $13.8 millions was slightly above the previous year, R. Y. Sketch, chairman of the company, stated at the annual meeting in London. Claims paid and outstanding amounted to $6.1 millions or 44.2% of the premiums he stated. As commissions, taxes and expenses were all lower the net result was a profit of over $1 million. In each case £1 is taken as equal to $5.

Premium income of the accident department at $18.9 millions was down $585,000 from the previous year. The loss of income, it was stated, arose mostly in the United States where inactivity in trade and industry, Mr. Sketch said was a factor as well as lower premiums on Workmen's Compensation and Motor Car insurance.

In the life department, the outbreak of war resulted in a reduction in new insurance to $20 millions net compared with $24.8 millions in the preceding year. Premium income, however, was stated to be somewhat higher.

Premium income of the marine department at $4.5 millions was up over $800,000 from the previous year. The increase was partly due to higher rates on hull insurance and also to premiums for war risks. Claims showed little increase.

The total amount transferred from underwriting accounts to the credit of profit and loss was over $2.7 millions. Total assets increased during the year by $3.3 millions to $153 millions.

Bank of Canada Investments Up

Deposits of Chartered Banks and Dominion Government Higher

An increase of $5 millions in investments in Dominion Government issues is shown in the statement of the Bank of Canada for the week ended July 24. Holdings of both long and short term issues were higher. This was probably partly responsible for the gain of $7 millions in deposits of the chartered banks with the Bank of Canada, reflecting money paid by the Bank of Canada for bonds bought from the commercial banks.

The gain in chartered bank deposits may have been caused also by larger public deposits with the chartered banks which were in turn increasing their cash reserves with the Bank of Canada.

Dominion Government deposits also were up $6 millions. As other deposits, including those of foreign governments, were down almost the same amount, it is possible there has been a transfer of funds from the account of a foreign government to that of the Dominion. Note circulation showed a small increase to $287 millions.

Balance Sheet

Liabilities	July 24 1940 $	July 17 1940 $
Capital paid-up	5,000,000	5,000,000
Notes in circ.	287,580,989	286,593,187
Rest fund	2,449,757	2,449,757
Depos.: Dominion	18,649,673	12,306,896
Bank	195,064,149	187,964,002
Other	5,229,945	11,862,459
Total deposits	218,943,767	212,133,357
All other liabs.	4,171,916	4,994,177
Total liabs.	518,146,429	511,170,478
Assets		
Reserve:		
In sterl. & U. S.	4,456,429	3,025,016
Subsidiary coin	191,771	172,917
Advances	3,500,000	3,500,000
Investments:		
Dom. Gov. short	379,930,271	377,644,186
Other Dom. Gov.	123,950,509	121,274,265
Total invest.	503,880,780	498,918,451
Premises	1,721,637	1,716,130
All other assets	4,395,812	3,837,963
	518,146,429	511,170,478

Life Insurance

Life Men Help War Savings Campaign

Are Co-operating With Employers in Salary Deduction Plan

Co-operation of many employers with the Government in handling subscriptions to war savings certificates from their employees, in many cases is a direct result of the efforts of the life insurance companies and their men.

Due to their efforts not only is much time and effort spared the Government, but many additional subscriptions have been obtained. For the time being the national war effort is taking precedence over the sale of life insurance.

When the campaign was first decided on, the life companies offered the services of several hundred of their employees, including a number of their key men, right across the country, free of charge. The offer was accepted.

Under the joint chairmanship of W. H. Somerville, general manager of the Mutual Life Assurance Co. of Canada and de Gaspe Beaubien, Montreal engineer and industrialist, a national advisory committee was formed. John G. Parker, joint general manager of the Imperial Life Assurance Co., was appointed a member of this committee, representative of life insurance interests. Provincial committees were established under provincial chairman. To work with these provincial committees and unify the work of the life insurance men, six provincial assistants to the provincial chairmen were appointed by the life companies as follows:

Maritime Provinces, J. J. Murray, superintendent of agencies of the Dominion Life.

Province of Quebec, C. A. Beaudette, Montreal manager, Metroploitan Life.

Montreal, Fred Holland, branch manager, Sun Life.

Ontario, J. H. Romig, assistant superintendent, Canada Life, assisted by E. J. Quinn, district group manager, London Life.

Prairies, D. R. Ferguson, assistant superintendent of agencies, Great-West Life.

British Columbia, E. V. Chown, manager, Mutual Life of Canada for British Columbia.

These men were given authority by the companies to call on other salaried employees to assist in the work.

Employer-employee Relations

The job the life men were given was to canvass all employers across the country asking them to co-operate in bringing to the attention of their employees the desirability of buying war savings certificates and to make it easy for their employees to subscribe through a salary deduction plan.

For the purposes of the campaign employers fell into two classes:

Those listed in the official records as having 15 or more employees.

Smaller employers who might have only three or four employees and of whom there was no official record.

When the campaign was first started, the Finance Minister and the National Chairmen of the War Savings Committee sent all employers listed in the records a questionnaire asking the number of people employed, and whether they would be willing to co-operate in the salary deduction plan. The returns were then analyzed and, in the case of employers, who did not reply or who appeared unwilling to co-operate cards were sent to the life insurance men who were asked to call on them and explain the whole situation.

It was estimated, however, that there are several thousand employers not in the Ottawa records. These have been sought out and canvassed by the life men on their own.

Agency Managers Mobilized

Under the provincial assistants, agency managers throughout the country have been mobilized to make sure that every employer large or small should be canvassed. In the case of the firms not listed by Ottawa the services of the men selling industrial insurance have been found invaluable, it is said. They generally have the necessary information and, in many cases, the personal contacts to facilitate the work materially.

No Charge to Government

All work has been without charge to the Government. So far as possible only men working on salary have been employed on this work. The life companies felt that, while they were willing to give the time of their salaried employees, it was not fair to ask a man dependent only on his commissions to give up time which he should rightly spend in making his livelihood.

Allowance has to be made for branch managers who find it necessary to devote much of their time to the campaign rather than building up their own business.

In addition, of course, the life men co-operate as well as they can with the chairmen of the provincial committees who have the job of contacting other people who are not reached through industry.

See Ultimate Benefit

Life companies and their employees feel that in the present emergency the sale of war savings certificates must be given their first effort. While it may affect the sale of life insurance adversely for the time being, it is felt that ultimately the result will be beneficial as the lessons of thrift learned by buying war savings certificate will in due course lead to the purchase of life insurance.

Bank Chat

H. T. Jaffray, president of the Canadian Bankers Association, submitted to the special committee of the House of Commons studying the Unemployment Insurance Bill, the following figures showing the proportion of bank employees released by the chartered banks in the last three years who would have been entitled to benefits under the Act and the benefits actually paid:

	1937	1938	1939
Full time employees receiving not over $2,000 annually	19,646	19,868	20,156
No. released who might have been entitled to benefit under the Bill	166	329	270
Percentage	0.84%	1.65%	1.33%
Amount voluntarily paid by banks	$61,997	$87,521	$57,368
Average payment	$373	$266	$212

Contributions paid in by the banks in 1939 under the plan would have amounted to $276,439 and those paid by the employees to $278,049, he said, a total of $554,488. Benefits received would have amounted to $18,726 or an average of $69.35 each. Employees therefore would have contributed 14 times the amount of benefits received from the Unemployment Insurance fund, and banks and employees together 29 times the amount of benefits received.

He suggested that if the Government proceeded with the bill payments by the banks be adjusted from year to year, so that over a period assessments should not exceed three times the benefits paid to employees in the previous year.

Life Insurance At Work

A few years before the great depression a man named Jones in a Canadian city was making a good living with something to spare. He had a nice home and gave his family every reasonable comfort. He was a great believer in life insurance, however, and over the years had built up a large insurance estate.

When the depression came his income fell to a fraction of what it had been before. He was faced either with adjusting the family's scale of living or carrying on until all funds were exhausted. He chose the former course. He cut down all expenditures except those on life insurance.

He was a partner in a business firm which was in need of ready capital. His partner strove to get him to turn some of the cash value of his policies into the business. But Jones refused. Later he contracted an illness which meant slow but certain death. Although he could not afford to carry so much insurance he clung tenaciously to his policies. When he died, $65,000 was payable to the widow. Jones's partner at once tried to get her to turn over some of the proceeds to him. However, she determined, on the advice of her brother, to leave the money on deposit with the insurance companies to be paid to her in monthly installments. Under this plan she receives $181 a month until she reaches 60. In addition she will receive $71 a month for life. The balance of the estate was used for clean-up expenses.

Enquiry Suggested In Job Insurance

Importance of Time When Contributions Begin Is Stressed

While the Canadian Life Insurance Offices Association is sympathetic to the principle of unemployment insurance, it is also anxious that the Act be inaugurated in accord with sound actuarial principles and function along sound insurance lines, V. R. Smith, general manager of the Confederation Life Association, told the parliamentary committee of the House of Commons studying the bill now before Parliament.

The life companies, he stated, were glad the Act carried the safeguard of an advisory committee with very wide powers, one of the safeguards of the 1935 Act. He urged in addition, however, that before the Act be put into force full enquiry be made into all problems that might arise under the plan. He suggested the Government borrow from the Treasury Department of Great Britain an actuary experienced with the administrative problem and other problems that have arisen and are arising under the British Act.

Mr. Smith stated that the important point in connection with the bill was not when it would be passed but when contributions would begin. Accordingly he suggested that the Governor-in-Council should proclaim the date of the act rather than leave it to the committee.

He also urged that:

Before contributions are collected, a thorough investigation be made by men such as A. D. Watson, actuary of the Dominion Department of Insurance, and H. H. Wolfenden, consulting actuary, as to the effect of changes in the present bill compared with the bill of 1935 which had carried great confidence.

Every care be taken that proper machinery had been set up for the operation of the plan and that the Government should borrow from the Treasury Department of the United Kingdom an actuary experienced with the administrative problems and other problems that have arisen and are arising under the British Act.

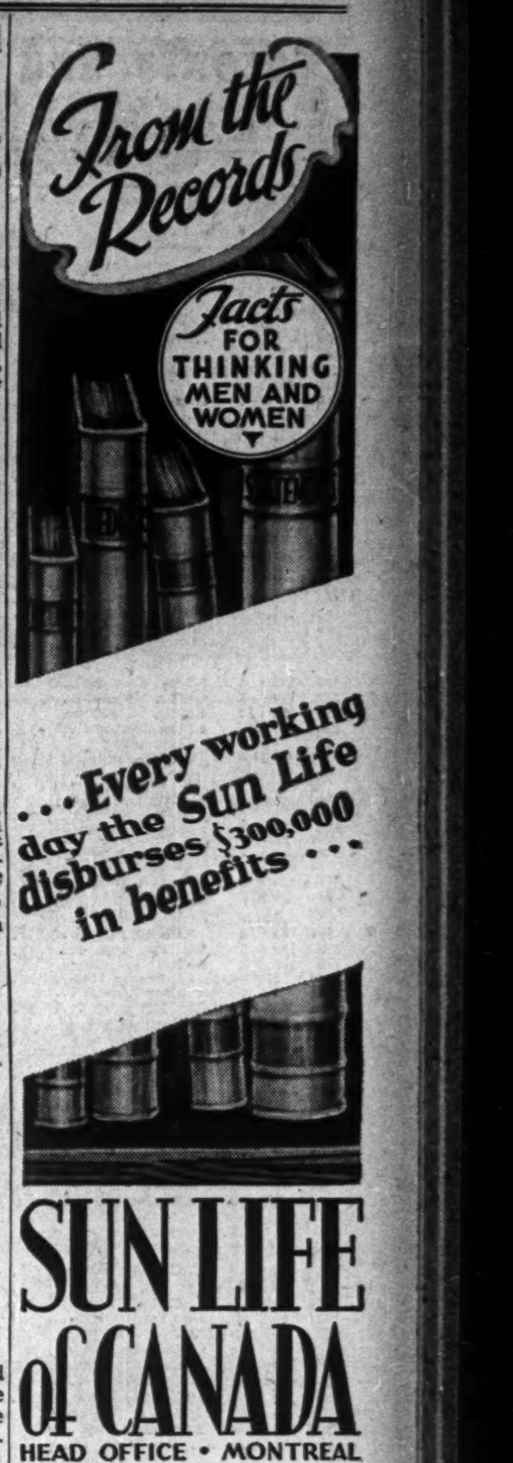
The Advisory Committee should engage experienced and capable actuaries who would be able to guide and direct the operation of the plan.

Unemployment among the clerical staffs of the life companies, he said, was about 1%. The companies, he stated, have their own unemployment or resignation funds or benefits. "Anything we do will compare with modern schemes of social insurance in first-class corporations," he said. He added that he was speaking on behalf of 4 million policyholders, men of modest means who are the employers of the men in the life insurance industry.

Business Gain Shown By Mutual of Canada

A gain of ordinary insurance in force of 3,228 policies for a total of $6.7 millions for the first half of 1940 compared with 996 policies for $3.2 millions last year is reported by the Mutual Life of Canada. Including group insurance, the gain is over $9 millions in the insurance account.

The company reports a marked reduction in policy terminations since Jan. 1. New paid business is up 16% in number of policies and 8% in amount over the same period of 1939. A substantial increase in the sale of annuities is also reported.



From the Records
Facts FOR THINKING MEN AND WOMEN
. . . Every working day the Sun Life disburses $300,000 in benefits . . .
SUN LIFE of CANADA
HEAD OFFICE • MONTREAL

Obituaries

Wilfred Tait, Montreal district manager of the Square D Co. of Canada, aged 42, at Montreal.

* * *

Leo Prendergast, assistant to the president of Canada Steamship Lines Ltd., aged 36, at Montreal.

* * *

Sir Thomas Tait, formerly manager of transportation of the Canadian Pacific Railway and at one time head of the Victoria State Railway Commission in Australia; also formerly president Parkhill Gold Mines Ltd., Minto Coal Co., Vibra-Lite Ltd., etc., aged 76, at St. Andrews, N.B.

* * *

H. A. Webster, mail order department manager of the T. Eaton Co. Ltd., aged 55, at Toronto.

* * *

Col. W. A. Grant, president Associated Screen News Ltd., aged 73, at Montreal.

THOUSANDS PAY TAX FIRST
TAX PROPOSALS SEEN AFFECTING INCOMES
HOUSE ADOPTS BUDGET, 151-17
"War-time gives new value to my Life Insurance"

"LIKE most Canadians these days, I find that the new 'Win-the-War' obligations will take a big slice of my income—in fact my top dollars.

"This would be serious for me except that financial security is guaranteed to my family through my life insurance. So, even if I am unable to save anything else during the war, I don't need to worry about the future.

"Under to-day's conditions, life insurance assumes in my affairs a new and vital importance."

* * *

In your financial readjustment to meet the new conditions, take advantage of the helpful suggestions that can be given you by a London Life representative.

London Life
ESTABLISHED 1874
Insurance Company
Head Office - London, Canada

NORTH AMERICAN LIFE
ESTABLISHED 1881 A MUTUAL COMPANY
Head Office: TORONTO, CANADA,
"Assure your future"
ALL PROFITS FOR POLICYHOLDERS

THE WEEK'S QUOTATIONS

Toronto and Montreal Exchange

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING JULY 29

Range 1940 High	Low	Div R'te $	Jly27 Y'ld %		Sales	Last July 29	Week end. July 29 H	L	Cl'se
				A					
2.50	.50	.	...	Abitibi	1085	1.00	.95	.80	.80
27½	28	.	...	Do. pref. 6%	2000	4½	4½	3½	3½
33	5½	.	...	Do. pref. 7%	....	(8 bid 13 asked)			
6	3	.	...	Acme Glove	....	(3 bid 4 asked)			
57	50	6.50	...	Do. pref.	....	(40 bid 49 asked)			
12½	9	80+20c	10	Agnew Surp.	5	10	10	10	10

Range 1940 High	Low	Div R'te $	Jly27 Y'ld %		Sales	Last July 29
22¼	13½	1	6.5	Ford Motor A.	1172	15
21½	14	1	6.3	Do. (B)	20	15⅞
.20	.05	.	...	For. Pr. Secs.	....	(— bid
15½	6	25c	...	Foundation Co.	85	8½
20	6	.	...	Fraser Cos.	50	7½
21½	7½	.	...	Do. Vot. Tr.	725	8½
.50	.50	.	...	Freiman	....	(8id
38	25	.	...	Do. pref.	....	(32 bid
16¼	9	80c	8.9	Gatineau Pwr.	72	11
97	79	5	5.9	Do. pref.	65	85
105¼	90	5.50	6.1	Do. 5½% pref.	....	(— bid

Mining Stocks

Par Val.	Range 1940 High	Low	Company	Sales	Close July 22 (or last)	High for week	Low for week	Close July 29
			P, Q, R					
No	2.35	.78	Pamour	400	1.00	1.00	1.00	1.00
1	.10½	.02	Pandora	1,000	.05	.05	.05	.05
1	2.05	1.40	Pato Cons. G.	600	1.60	1.80	1.75	1.75
1	.10	.02	Partanen Mal.	2,000	.03	.03	.03	.03
1	.02	.00½	Pawnee Kirk	......	(.00½ bid .01 asked)			
1	.53	.20	Paymaster	10,330	.24½	.27	.23	.24
1	2.35	.90	Pend Oreille	2,520	1.22	1.32	1.20	1.30
1	2.12	1.01	Perron Gold	8,250	1.39	1.50	1.34	1.50
1	4.30	2.12	Pickle Crow	3,000	2.40	2.55	2.32	2.55
1	2.35	1.45	Pioneer Gold B.C.	300	1.80	1.85	1.85	1.85
1	14.50	9.50	Placer Devel.	45	13.25	9.50	9.50	9.50
1	2.18	.55	Powell Rouyn	1,300	.65	.70	.61½	.70
1	1.42	.68	Premier Gold	400	.75	.80	.78	.78
1	2.40	1.30	Preston E. Dome	19,800	1.72	1.80	1.63	1.76
No	.35	.23	Prospectors Air's	......	(.15 bid .25 asked)			
1	.42	.20	Quebec Gold	300	.20	.20	.20	.20
No	.08	.02	Quemont	30	.04	.02	.02	.02
No	.08½	.01	Red Crest	......	(.01 bid .04 asked)			
1	.57	.12	Reno Gold	600	.15	.15	.15	.15
1	.26	.20	Reeves McDonald	......	(.26 June 7)			
1	.00½	.00½	Robb Montbray	......	(.00½ bid .00½ asked)			
1	.06½	.02½	Roche Long Lac	2,600	.03½	.03½	.03	.03½
			S, T, U, V, W, Y					
1	2.50	1.25	San Antonio	5,050	1.65	1.85	1.60	1.80
1	.15	.05	Sand River	2,000	.07	.06½	.06	.06
1	.57	.10	Senator Rouyn	2,300	.19	.19	.18	.18½
1	.05½	.01	Shawkey	......	(.01½ bid .03 asked)			
50c.	1.24	.78	Sheep Creek	925	.78	.85	.83	.83
1	1.18	.50	Sherritt Gordon	5,846	.63	.68	.60	.65
1	8.75	4.00	Sigma Mines	1,000	5.70	5.50	5.25	5.50
1	.95	.60	Siscoe	11,950	.60	.70	.60½	.65
1	.61	.20	Sladen Malartic	17,600	.28	.37	.28	.36
1	.07½	.02½	Slave Lake	10,506	.05	.06	.04½	.04½
1	.21	.07½	St. Anthony	3,120	.10	.10	.08	.09½
No	3.10	1.05	Steep Rock	23,550	1.40	1.65	1.25	1.55
No	.08½	.03	Straw Lake	8,100	.03½	.04½	.04½	.04½
1	.21	.09	Sturgeon River	700	.15	.10	.10	.10
No	2.05	.80	Sudbury Basin	600	1.00	1.10	.95	1.10
1	.08½	.04	Sudbury Contact	......	(.02½ bid .04½ asked)			
1	1.02	.45	Sullivan Cons.	2,795	.55	.57	.53	.55
1	3.45	1.90	Sylvanite	1,200	2.10	2.25	2.05	2.25
1	4.15	2.40	Teck Hughes	4,825	3.00	3.15	2.90	3.05
1	.08½	.02½	Temiskaming	1,500	.03½	.04	.03½	.04
1	1.90	1.00	Toburn Gold	260	1.15	1.25	1.02	1.25
1	.35	.09	Towagmac	1,000	.10½	.10½	.10½	.10½
1	1.12	.25	Uchi Gold	900	.34	.35	.34	.35
	97.00	64.00	Do., Bonds	......	(68.00 bid 88.00 asked)			
1	.97	.54	Upper Canada	18,850	.73	.78	.72	.78
No	4.35	1.75	Ventures	500	2.10	2.40	2.30	2.40
No	6.05	2.65	Waite Amulet	1,198	2.80	3.00	2.65	2.95
1	.16	.06	Wendigo	4,500	.08	.09	.07	.08
1	.03½	.01½	Wiltsey Coughlan	......	(.00½ bid .02 asked)			
1	.32	.08	Wood Cadillac	3,500	.10	.11	.10	.11
No	8.25	4.70	Wright-Hargreaves	4,850	5.20	5.80	5.25	5.80
No	.07	.04	Ymir Girl	......	(.04 bid .06 asked)			

Oil Stocks

Par Val.	Range 1940 High	Low	Company	Sales	Close July 22 (or last)	High for week	Low for week	Close July 29
No	.06	.02	Acme Gas & Oil	......	(.03½ bid .... asked)			
1	.21	.05½	Alta. Pac. Cons.	100	.08	.07	.07	.07
1	.22½	.10	Ajax	......	(.11 bid .15 asked)			
No	1.03	.40	Anglo Canadian	1,200	.57	.57	.55	.57
No	.07	.06	Anaconda	......	(.03½ bid .... asked)			
No	.18	.06	Br. Dominion	......	(.... bid .15 asked)			
No	.19½	.06½	Brown Oil	3,200	.08	.08½	.08½	.08½
100	75.00	65.00	Do., pref.	......	(.... bid 82.00 asked)			
No	2.39	1.00	Calgary & Ed.	2,250	1.36	1.35	1.27	1.30
1	.47	.18	Calmont	1,200	.25	.24½	.22½	.22½
No	.33	.15	Commoil	500	.25	.23	.23	.23
No	.32	.10	Common Pete	......	(.20 bid .... asked)			
No	.55	.20	Dalhousie	600	.22	.22	.22	.22
No	.35	.12	Davies Pete	5,200	.12½	.13	.12½	.12½

Oil Quotations

Par Val.	Range 1940 High	Low	Company	Sales	Close July 22 (or last)	High for week	Low for week	Close July 29
25c.	.08½	.06	Monarch Royal	......	(.05½ bid .06 asked)			
25c.	.21	.05	National Pete	......	(.... bid .05 asked)			
1	.05	.04	Nordon	......	(.04 Apr. 20)			
No	1.31	.58	Okalta	......	(.71 bid .... asked)			
No	.05½	.03	Pacalta Oil	......	(.03 July 12)			
1	.42	.19	Pacific Petroleums	......	(.25 bid .... asked)			
25c.	.25	.14	Prairie Royal	......	(.12½ bid .13½ asked)			
No	.19½	.12½	Royal Canadian	5,000	.15	.15	.14½	.14½
No	.10½	.06	Royal Crest	......	(.07 bid .08 asked)			
No	36.00	15.00	Royalite	......	(21.00 bid .... asked)			
No	.07½	.03	South End	......	(.03½ May 16)			
No	.60	.21	Southwest Pete	1,000	.21	.28	.28	.28
1	.06	.05	Spooner	......	(.02 bid .... asked)			
25c.	.38	.18½	Sunset Oil	......	(.22 bid .... asked)			
No	.09	.03½	United	......	(.04 bid .... asked)			
No	.07	.03½	Vanalta	......	(.03 bid .... asked)			
1	.63	.23	Vulcan	......	(.25 bid .... asked)			
No	.05	.03	West Flank	......	(.05 May 11)			

* 1939 Quotations.

Winnipeg Stocks

(Transactions from July 22 to July 27)

	Sales	High for period	Low for period	Close July 27
Beresford Lake	11,000	.01	.01	.01
Dominion Envelope, pfd.	15	90.00	90.00	90.00
Sachigo River	30	1.50	1.25	1.25
United Grain Growers	51	7.50	7.50	7.50
Wingold	5,000	.04½	.04	.04¼

Stocks Not Traded in During Week*

	Bid	Asked		Bid	Asked
Beaver Fire	75	..	Federal Grain, p.	20	..
Beav. Lumber, c.	..	4	Nor. C. Mtge., p.	5	..
Beav. Lumber, p.	100	102	Nor. Mtge. pt. pd.	1¼	.
Can. Airways	1	..	Nor. Trusts	..	6
Can. Indemnity	120	..	West. Brew.	1⅝	1⅝
Dom. Envelope, c	..	7½	West. Grain, p	..	6¾
Federal Grain, c.	⅝	1¼	West. Steel, p.	5½	8

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
July 30	20,700	9,300	190,000	......
July 29	6,000	9,000	152,000	8,015
July 27	4,900	9,300	134,000	11,600
July 26	6,000	41,400	126,000	......
July 25	6,000	4,100	100,000	6,940
July 24	4,200	3,300	83,000	15,800

Government Bonds

July 31, 1940

(Supplied by Investment Dealers' Assoc. of Canada)

Dominion of Canada Bonds

%	Due		Bid	Ask.	Approx. Yld.
4½	Sept.	'40	100	100¼	...
1	Mar.	'41	99⅞	100¼	.60
5	Nov.	'41	104⅜	104⅞	1.20
1½	May	'42	100	100½	1.21
2	June	'42	100⅝	101⅛	1.36
3	Oct.	'42	102⅝	103⅛	1.57
2½	June	'43	101¼	102¼	1.68
5	Oct.	'43	108⅝	109⅛	1.94
2	June	'44	99⅝	100⅛	1.86
a2½	Jan.	'44	84¼	85½‡	7.35
4½	Oct.	'44	108½	109	2.25
2½	Nov.	'44	101¼	102	2.01
a2½	Aug.	'45	80⅝	81½‡	6.84
4	Oct.	'45	105½	106	b2.08
4½	Feb.	'46	109½	110	2.56
3¼	June	'49	101½	102¼	b2.83
3½	Oct.	'49	102	102⅞	b2.80
3¼	Nov.	'51	99⅞	100½	b3.18
3¼	Feb.	'52	99⅞	100½	b3.17
a5	May	'52	89⅝	90½‡	6.10
4	Oct.	'52	104½	105	b3.22
3	June	'55	96⅞	97½	3.21
4½	Nov.	'56	106⅞	107½	b3.22
4½	Nov.	'57	106⅞	107½	b3.34
3	June	'58	96	96⅞	3.24
4½	Nov.	'58	107⅞	108½	b3.31
4½	Nov.	'59	108½	109½	b3.33
a4	Oct.	'60	79⅞	81½‡	5.54
a3½	Jan.	'61	72½	73½	5.38
3½	June	'66	98½	99	3.31
a3e	Jan.	'67	70⅝	71½‡	4.94
a3e	Nov.	'68	70⅝	71½‡	4.86
†3	Perpet'l.		88	89	3.37
Dominion Guarant'd Bonds					
Can. Nat'l. Railways:					
2	Feb.	'43	100¼	100⅞	1.70
2½	Jan.	'46	99	99⅞	2.30
3	May	'44	102⅞	103⅞	2.00
3	Dec.	'50	97	98	3.22
3	Feb.	'53	96½	97½	3.25
3	Jan.	'59	95	96	3.29
*4½	Sept.	'51	110½	111½	3.29
*4½	Feb.	'56	111½	112½	3.45

%	Due		Bid	Ask.	Approx. Yld.
4½	July	'57	111⅞	112⅞	3.50
*4½	June	'55	113⅞	114⅞	3.48
5	Feb.	'54	114½	115½	3.57
*5	July	'69	111½	112½	b2.85
*5	Oct.	'69	115½	116½	b3.37
*5	Feb.	'70	115½	116½	b3.43
Grand Trunk Pacific Rly.:					
3	Jan.	'62	95½	96½	3.24
Provincial Gov't. Bonds					
New Brunswick:					
3	Oct.	'51	80	84	4.83
3½	Aug.	'49	82	85	5.37
3½	June	'56	81	83	5.06
c4	Nov.	'47	91	94	5.00
c4½	Apr.	'61	93	95	4.88
c5	Jan.	'60	96	99	5.08
Nova Scotia:					
3	Jan.	'52	89	92	3.87
3½	June	'56	90	92	3.93
3½	Nov.	'50	94	96	3.97
c4½	Sept.	'52	102	104	b3.85
c4½	Nov.	'60	102½	105½	4.10
c5	Mar.	'60	107½	110	4.24
Ontario:					
2½	May	'45	99½	100½	2.39
3	Apr.	'48	97½	98½	3.22
3	Nov.	'50	96½	97½	3.29
3½	Nov.	'51	98½	99½	3.30
3½	May	'55	97½	98½	3.38
*4	June	'62	102	104	3.73
4½	June	'50	108½	109½	3.39
*4½	Jan.	'62	108	110	3.82
5	Oct.	'48	110½	111½	3.42
*5	Dec.	'60	114½	116½	3.83
5½	July	'46	110½	111½	3.34
Ont. Hydro Commission:					
3	Aug.	'48	97	98	3.20
3½	Feb.	'53	98½	99½	3.32
3½	Apr.	'47	100½	101½	3.25
Prince Edward Island:					
3	Oct.	'45	92	95	4.08
Quebec:					
3	Nov.	'47	93½	95	3.78
3½	Mar.	'48	94½	96	3.86

%	Due		Bid	Ask.	Approx. Yld.
3½	Mar.	'54	91	92	4.02
3½	Mar.	'59	91	92½	4.08
4	Mar.	'52	98	100	4.00
4½	Aug.	'58	100	101½	4.13
4½	Jan.	'63	101½	103½	4.27
Alberta:					
4	Dec.	'54	53	57	d
4½	Oct.	'51	59	..	d
c4½	Oct.	'56	55	59	d
*5	Oct.	'59	57	61	d
c5½	Apr.	'52	61½	65½	d
6	Mar.	'47	64	68	d
British Columbia:					
c4	Dec.	'57	92	96	4.39
*4½	Jan.	'51	96	100	4.30
c4½	Oct.	'53	96	100	4.30
c5	Apr.	'54	101	105	4.50
5½	Feb.	'45	101	105	4.51
6	Feb.	'47	102	106	4.91
Manitoba:					
c4	Dec.	'57	84	88	5.06
c4½	Dec.	'56	85½	89½	5.47
*5	Dec.	'59	89	93	5.60
5½	Oct.	'55	90½	94½	6.05
6	Apr.	'47	97	101	[illegible]
Saskatchewan:					
4	Sept.	'54	70	74	6.85
4	Nov.	'60	69	73	6.27
c4½	Oct.	'51	81½	85½	6.36
c4½	Mar.	'60	71½	73½	6.75
5	Aug.	'58	76	80	6.97
5½	Oct.	'52	80	84	7.30
6	Mar.	'52	83	87	7.72

*Payable Can., N.Y. & £. b—Calculated to call date giving lowest possible yield. c—Payable Can. & N.Y. a—Payable N.Y. †—Callable on or after Sept. 15, 1966. d—Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e—Callable at a premium. ‡—N.Y. funds.

Unlisted Stocks

July 30, 1940

(Furnished by A. J. Pattison Jr. & Co., Toronto)

Industrials:	Bid	Ask.
Acme Farm. D.	17½	22
Andian National	27	29
Anglo C. Tel., A	7½	8½
Atlas Steel	12	..
Barrymore, pfd.	24	..
Blue T. Brew. B	3½	5
B. C. Pulp, c.	12½	14
Do., pfd.	43	50
B. C. Sugar	72½	75
Burns & Co., A	5	6½
Do., B	3	4
Can. G'drich, c.	1½	..
C. I. L., A c.	186	195
Can. Ing. Rand	64	67
Can. Tube, 1st p	..	74
Chase, A. W., p.	17	..
Claude Neon, p.	5½	7
Colonial Steam.	12	14
Cope. Flour unit	16	20
Dom. Manuf., p.	60	65
Dunlop T. p $25	21	23
Easy Wash. p $10	7½	9
Goderich Elev.	7	8
Guard. Realty p	16½	20½
Guelph Carp., p	97	102
Do., com.	15	18
Gurney Fdry.	1½	1½
Hayes Steel, c.	27	29
Hi'land Dairy, p	45	52½
Inglis, John, c.	4	7
Ingram & Bell	21½	25
Kingston Sh. un	21	24
Loblaw Inc., c.	11½	12½
Morrison Br. un	6½	8
M'row Screw, p.	98	..
Do., com.	7	..

	Bid	Ask.
Neilson, Wm., c	8½	..
Do., pfd.	99	..
N. B. Tel., c.	10	12
N. Meth. Ldy. p	..	58
Office Spec., pf.	65	..
Paterson Wm. p	100	..
Prov. Paper pfd	98	101
Rob'tson P. L. p	94	..
Rob. Cons. Cone	5	7
Ruddy, E. L., p	26	28½
Seal O Sac (Can.)	1	2
Stand. Fuel, c.	53	58
Stedman pf. $50	53	58
Tor. Carpet, c.	25	30
Do., pfd.	55	60
Un. F. Co-op.	2	3½
Un. Steel, A pf.	20	22
Viceroy p. & rts	25	..
Trusts & Loan Stocks:		
Brit. Mtge.	145	152
Capital Trust	25	30
Com. Fin., c.	2½	3½
Grey & B. tr. $50	42	46
Guaranty Trust	..	94
Guelph & C. $50	50	58
Lambton Loan	31	34½
London & West.	35	40
Sherbrooke Tr.	120	..
Sterling Trust	55	..
Traders Fin. A c	8	11
Do., A pfd.	75	80
Trusts & Guar.	24	26
Victoria Trust	80	90
Insurance Stocks:		
Brit. Amer.	51	57
Canada Life	410	445

	Bid	Ask.
Confed. 30% pd.	130	140
Crown fully pd.	240	280
Dominion Fire	130	..
D. of Can. Gen.	100	112
Empire 25% pd.	5	7
Excelsior 38% pd	57	60
Federal 25% pd.	50	..
Great-West Life	215	230
Imperial Life	280	300
Manufac. Life	220	245
Sov. L. 25% pd.	13	15
Sun Life	260	300
Tor. General	5	5½
Wellington Fire	58	..
Western Assce.	41	44
Do., pref.	40	48
Theatre Stocks:		
Allens, King., p.	60	63
Do., Lond., p.	53½	56
Do. St. Cath. p	51	55
Do., Tor., p.	32	36
Manaf. Theat., p	27	31
Para. Kitch., p.	51	56
Do., Oshawa c	9½	11½
Investment Trust Shares:		
Can. Investors	4	5
Deb. & Sec., pf.	60	..
Sec's. Hold., pf.	17	23
United Corp., A	16	18
Do., B	4	6
Power Issues:		
Can. W. N. Gas	25	..
Do., pfd.	97	100
Gt. Lakes Pr., p	98	102
Mtl. Is. Pwr., p.	17	20
Nor. Ont. Pr., p	88	92

Unlisted Mines

Toronto, July 23, 1940

	Bid	Ask
Acordia	.23	.25
Addington	.01½	.02½
Albany R	.08	.10
Amal Kir	.07	.08
Anoki	.07	.08
Arjon	.02	.04
Armistice	.01½	.02
Argosy	.04	.05
Area	.03½	.04
Arno	.01	.02
Athona		
(Old)	.01	.02
(New)	.01½	.02½
Barb Lar	.01½	.02½
Bilmac	.01	.02
Buff Bear	.01	.02
Calder Bo	.02	.04
Central M	.02	.03
Cheminis	.02	.03
Coin Lake	.02	.03
Cons Chib	.02½	.04½
Crescent	.00⅞	.01½
Dayton	.01⅞	.03
Demp Cad	.00⅞	.01½
Desants n	.10	.13
Dona Pat	.03	.05
E Laco'a	..	.00⅞

	Bid	Ask
Elmos	.06	.08
Franco	.29	.33
Galore	.01½	.02½
Gate Pat	.00½	.01
Gilbec	.00½	.01
Gordon Lb	.01	.01½
Hiawatha	.05	.08
Hoyle nw	.17	.18½
Hugh PaP	.03	.04
Hutch Lke	.00⅞	.01½
Jolliette	.02	.03
Keora	..	.02
Kenricia	.02	.02½
Kewaga'a	..	.01½
Kiena	.08	.10
Kirk Gate	.01	.02
Lacoma	.00⅞	.01½
Lake Duf	.17	.19
Lake Gen	..	.06
Lw Pete	.13	.16
Magnet C	.75	.78
Magnet L	.15	.17
Martin Br	.02⅞	.03½
Magwell	.02	.04
Margaret	.05	.08
Mata Can	.03	.05
Mof Hal n	.01	.02

	Bid	Ask
Mooshla	.01½	.02½
Mosher	.05	.06
Nat Mal	.29	.32
Negus	.40	.55
New Roy	.00½	.01
Nickel O	.80	.90
Norlake	.01	.02
Norbeau	.13	.17
North Am		
Mol'm	..	.19
Norwin	.11	.13
Oklend	.04	.05
O'Leary	.01	.02
Opemiska	.02	.04
Oriole	.01	.02
Orpit	.01	.02
Ossian	..	.02
Pacsack	.05	.07
Pascalis	.12	.17
Phoenix	.02	.04
Pontiac R		
(Old)	.02	.04
Pelangio	.00⅞	.01½
Polaris	.21	.27
Porc Lke	.02½	.03½
Propri'y	1.15	1.40

	Bid	Ask
Presdor	.01	.02
Queb Man	.04½	.07
Rahn Lke	.04	.05½
Rand Mal	.07	.09
Red Lake	.01½	.01⅞
Sachigo	1.35	2.00
Senore	.06	.08
Shenango	.03	.03⅞
Sheldon	.01½	.02½
Siscoe Ex	.01½	.02½
Skynner	.02	.03
Smelters G	.00½	.00⅞
Spooner	.02½	.03½
Sunbeam	.03½	.05
Springer	.03	.04
Stadacona	.05½	.07
Thomson	.13	.15
Thomp Cd	.03½	..
Treaty P	..	.23
Union Mn	.02½	.03½
Wasu	.04	.07
West Red	.01½	.02½
Winoga		
cum rts	.02	.03
Woco	.06	.08
Y David'n	.20	.23

Montreal, July 30, 1940

	Bid	Ask		Bid	Ask		Bid	Ask		Bid	Ask
Cad Exp	.02	.04	Cournor	.07	.10	Obalski	.03	.04	Scott Ch	.01	.02
Chibmac	..	.02	Dubisson	.07	.10	Pan Can	.02	.04	Westwd C	.01	.02
C Pand'ra	..	.02	L Rowan	.02	.03						

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

July 30, 1940

Public Utility Issues:	Int. Rate %	Due	Bid July 30	Asked	Bid July 23
†Assoc. Tel. & T.	5½	'55	72½	76½	71
B. C. Power	4½	'60	94	98	94
B. C. Tel.	4½	'61	100	104	99
†Calgary Pwr.	5	'60	103	106	102
Do.	5	'64	101	105	99
†Can. Nor. Pwr.	5	'53	104	108	104
*Dom. Gas & El.	6½	'45	96	100	95½
Gatineau Pwr.	5	'49	100½	104½	99½
Do., B.	3½	'69	94	98	93
Gt. Lakes Pwr.	4½	'56	95	99	94
*Int. Hydro-E.	6	'44	73	77	71½
▴Inter. Power	6	'55	99	103	92
Macl'n-Que. Pr.	4	'59	90	94	89½
Mtl. L. H. & P.	3½	'56	96	100	95
Do.	3½	'73	91	95	89½
†Mtl. Tramways	5	'41	89	93	89
†Do.	5	'55	57	61	56
Nat. Lt. & Pwr.	6	'49	94	98	93
N. S. Lt. Pr.	4	'57	97	101	97
Ottawa H. & P.	4	'57	96½	100½	96
Ottawa V. Pwr.	5	'59	100	104	100
†Power Corp.	4½	'59	95	99	95
Quebec Pwr.	4	'62	96	100	96
*Saguenay P., A.	4½	'66	103	107	103
‡Do., B.	4½	'66	102	106	102
Shaw. W. & P.	4	'61	98	102	97
Union Gas	4½	'50	100	104	100½
United Secs.	5½	'52	55	59	55
Wpg. El., ser. A	4	'65	70	74	68
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	57	61	54
Acadia Sugar	4½	'55	98	102	98
†Alta. Pa. Grain	6	'46	90	94	90
Atlantic Sugar	4	'51	97	101	97
†B. C. P. & Pap.	6	'50	79	83	79
*Brown Co.	5½	'46	46	50	42
Burns & Co.	5	'58	58	62	56
Canada Bread	6	'41	99	103	99
Canada Cement	4½	'51	100½	104½	100
Can. Paper	4½	'52	98	102	98
Can. Steamship	5	'57	92	96	90
Can. Canners	4	'51	97	101	99
*Can. Int. Paper	6	'49	98	102	97
C. P. R.	3½	'51	84	88	84
Do.	4	'49	87	91	86½
Do.	4½	'44	93	97	92
Do.	6	'42	101½	105½	101½
†Consol. Paper	5½	'61	59½	63½	54½
Dom. Coal	4½	'52	98½	102½	98
Dom. Stl. & Co.	6½	'55	101	105	99
Dom. Tar	4½	'51	97½	101½	97½
†Donnacona P.	4½	'56	75	79	73½
Famous Players	4½	'51	97½	101½	97½
†Federal Grain	6	'49	92	96	92
†Fraser Cos.	6	'50	90½	94½	90½
Gen. Stl. Wares	4½	'52	94	98	94½
*Great L. Paper	5	'55	87	91	84
†Gypsum, Lime	5½	'48	86	90	85
Ham. By-Pr. C.	5	'55	99	103	98½
Inter.-City Bak.	5½	'48	100	104	100
*Inter. P., Nfld.	4½	'68	86	90	86
Lake St. J. P.	5½	'61	84	88	84
Maple Leaf M.	3	'58	65	69	66
Massey-Harris	4½	'54	83½	87½	81½
McColl-Fron.	4½	'49	97½	101½	97½
McCormick's	4	'52	90	94	90
*M. & O. Paper	6	'45	43	47	40
Nat. Grocers	4	'47	99	103	99
N. S. Stl. & Co.	3½	'63	77	81	77
Price Bros.	5	'57	92	96	92
*Prov. Paper	5½	'47	102½	106½	102
Reliance Grain	4½	'52	90	94	93
†Restigouche Co.	6	'48	90½	94½	90
Rolland Paper	4½	'51	100	104	99
Simpson's Ltd.	4½	'51	98	102	97
Smith, Howard	4½	'51	99½	103½	99½
*United Gas	5½	'48	102	106	102
United Gr. Grs.	5	'48	95	99	93
†Western Grain	6	'49	38	42	39

*Payable in Canada, or U. S.

†Payable in Can., U. S., or U. K.

▴Payable in Can. or U. K.

*Payable in U. S. only.

‡Payable in Canada only.

Municipal Bonds

July 30, 1940

†Halifax	5	1961	102.00	106.00	4.55
Hamilton	5	1950	109.50	112.00	3.53
Montreal	5	1945	90.00	94.00	6.36
Ottawa	4½	1946	104.50	106.50	3.06
†Quebec	5	1959	102.00	106.00	4.53
Saint John	5	1950	98.00	102.00	4.75
†Toronto	4½	1958	108.00	110.00	3.61
†Vancouver	5	1950	94.00	98.00	5.27
Winnipeg	5	1944	97.00	101.00	4.70

†Payable Can. and N. Y.

Mining Dividends

		Close July 29	Yield %
Beattie Gold	‡8c	.80	..
Bralorne	80c+40c	8.25	*14.5
Buffalo Ankerite	‡31c	3.00	..
Bulolo Gold	$3	12.50	26
Can. Malartic	‡4c	.40	..
Cariboo Gold	16c+6c	1.95	*11.3
Central Patricia	16c+6c	1.90	*11.9
Coniagas	‡25c	1.30	...
Coniaurum	16c	1.16	13.8
Cons. Smelters	$1+$1	32.25	*6.2
Delnite	†3c	.50	...
Dome Mines	$2	19.63	10.2
East Malartic	‡20c	2.93	..
God's Lake	2½c	.31	..
Gold Belt	†2c	.16	...
Gunnar Gold	6c	.40	15
Hallnor	60c	5.50	10.9
Hard Rock	‡9c	.71	..
Hedley Mascot	‡6c	.31	..
Hollinger	65c+45c	11.00	*10
Howey Gold	‡2c	.24	..
Hudson Bay	$1.75	25.00	7
Inter. Nickel, com.	$2	33.25	6
Island Mountain	‡8c	.64	..
Kerr Addison	5c	2.21	..
Kerr Lake	‡5c	.30	..
Kirkland Lake	10c+2c	.95	12.6
Kootenay Belle	‡10c	.30	..
Lamaque Gold	40c+10c	4.95	*10.1
Lake Shore	$2	19.50	10.3
Leitch	8c	.55	14.5
Little Long Lac	30c	2.20	13.6
Macassa	32c	3.30	9.6
Madsen R. Lake	†3c	.33	..
McGillivray Coal	3c	.25	...
McKenzie Red L.	12c+2c	1.00	*14
McWatters	10c	.29	..
Moneta	12c	.45	..
McIntyre Porc.	$2+$1	40.50	*7.4
MacLeod Cockshutt	†10c	1.44	..
Nipissing	15c	.85	..
Noranda	$4	53.00	7.5
North Empire	‡40c	7.25	...
O'Brien Gold	‡5c	.85	..
Pamour Porc.	12c	1.00	12
Pato Cons.	20c	1.75	11.4
Paymaster	2c	.24	..
Perron Gold	16c+4c	1.50	*13.3
Pioneer, B. C.	40c	1.85	21.6
Pickle Crow	40c	2.55	15.6
Placer Develop.	$1.20	9.50	12.6
Premier	12c	.78	15.4
Preston E. Dome	‡15c	1.76	..
Privateer Mine	‡13c	.47	..
Powell Rouyn	20c	.70	..
Quebec Gold	‡2c	.20	...
San Antonio	14c+3c	1.80	*9.4
Sheep Creek	16c+2c	.83	*21.6
Sherritt Gordon	†5c	.65	..
Silbak Prem.	16c	.60	26.6
Siscoe	12c+1c	.65	*20
Sturgeon River	†2c	.10	..
Sudbury Basin	‡2½c	1.10	..
Sullivan Cons.	‡6c	.55	..
Sylvanite Gold	20c+5c	2.25	*11.1
Teck-Hughes	40c+5c	3.05	*14.7
Toburn	8c+8c	1.25	*12.8
Upper Canada	†3c	.78	..
Ventures	15c	2.40	..
Waite Amulet	†10c	2.95	..
Wright-Harg.	40c+30c	5.80	*12

*Yield including bonus. †Initial. ‡Paid or payable in 1940 to date.

Investment Trusts

	Bid	Asked
Affiliated Fund	2.35	2.58
Can. Amer. Trust	3.00	3.30
Can. Inv. Fund	3.10	3.50
All Can. Trustee	9.10	9.85
Grouped Income	....	5.10
Trans-Canada Shs.	10.25	11.25

Quebec Highway Work Totals $1.3 Million

From Our Own Correspondent

MONTREAL.—Contracts for construction and repair of 110 miles of highway, at cost of $1.3 million have been awarded by the Quebec Government. The largest of these contracts is for $275,302 for levelling and gravelling an 18-mile stretch of the Montreal-New York highway in the St. Jacques le Mineur area near the border. This was awarded to H. J. O'Connell Ltd., Montreal.

Annual Meetings

1940:	Company:	Place
Aug. 8	—Manufac. Terminal*	Montreal
Aug. 12	—Ambrican Invests.†	Toronto

*Bondholders. †Special.

Dividends Declared

	This payment	Date payable	Date of record
Agnew Surpass ..	40c	Sept. 2	Aug. 15
Do., bonus	20c	Sept. 2	Aug. 15
Do., pref.	$1.75	Oct. 1	Sept. 16
Assoc. Brew.	25c	Sept. 30	Sept. 14
Do., pref.	$1.75	Oct. 1	Sept. 14
Aluminium, c. ...	$1.50	Sept. 5	Aug. 20
Do., pref.	†$1.50	Sept. 1	Aug. 15
Bk. Can. Nationale	$2	Sept. 1	Aug. 15
Blue Ribbon pf. ..	62½c	Aug. 1	July 25
Bank of Montreal .	$2	Sept. 3	July 31
Bank of Toronto..	$2.50	Sept. 3	Aug. 15
Brown Oil pf.	$1.50	Aug. 28	Aug. 3
Cel. of Amer., c. ex.	*	Aug. 15	June 14
Can. Converters ..	50c	Aug. 15	July 31
Coniagas Mines ..	12½c	Aug. 8	June 29
Coniaurum Mines..	4c	Sept. 25	Sept. 14
Canadian Oil, c. .	12½c	Aug. 15	Aug. 1
Do., extra	12½c	Aug. 15	Aug. 1
Can. Starch, pref.	$3.50	Aug. 15	Aug. 8
Comm'wealth Intnl.	4c	Aug. 15	July 15
Cosmos Imperial, c.	30c	Aug. 15	July 31
Calgary & Edm. .	▪10c	Sept. 30	Aug. 31
Conduits National	15c	Aug. 8	Aug. 5
Can. Wire & C., A	$1	Sept. 15	Aug. 31
Do., B	25c	Sept. 15	Aug. 31
Do., pref.	$1.62½	Sept. 15	Aug. 31
Comm. Alcohols, p.	10c	Oct. 15	Sept. 30
Dom. Ang. Inv. pf.	$1.25	Sept. 3	Aug. 15
Dominion Bridge	30c	Aug. 24	July 31
East Malartic	10c	Aug. 31	Aug. 1
Easy Washing, pf.	17½c	Aug. 15	July 31
Extension Oil	1½c	Aug. 31	Aug. 15
Four Star Pete. ...	1c	Aug. 15	July 20
Granby Cons.	†15c	Sept. 3	Aug. 16
Gen. Stl. Wares, p.	$1.75	Aug. 20	Aug. 10
Do., partic.	25c	Aug. 20	Aug. 10
Gurd, Chas., p. ...	$1.75	Aug. 15	Aug. 1
Guelph Carp., p.	$1.62½	Aug. 1	July 20
Hedley Mascot ...	2c	Aug. 15	July 24
Hollinger Cons. ...	5c	Aug. 12	July 29
Do., extra	5c	Aug. 12	July 29
Kerr Lake M.	†5c	Sept. 4	Aug. 20
Kirkland L. Gold	5c	Nov. 1	Sept. 30
Do., extra	1c	Nov. 1	Sept. 30
Lake of W. Mill., p.	$1.75	Sept. 3	Aug. 17
Leitch Gold	2c	Aug. 15	July 31
Little Long Lac ..	10c	Aug. 20	Aug. 5
Loblaw, Groc., A, B	25c	Sept. 3	Aug. 10
Loblaw Groc. Inc.	†20c	Aug. 31	Aug. 15
Montreal Loan ..	31¼c	Sept. 16	Aug. 31
McIntyre Porc. ..	†50c	Sept. 3	Aug. 1
Nat. Biscuit	†40c	Oct. 15	Sept. 10
Do., pref.	†$1.75	Aug. 31	Aug. 16
Ontario Steel	75c	Aug. 15	Aug. 6
Do., pref.	$1.75	Aug. 15	Aug. 6
Penmans	75c	Aug. 15	Aug. 5
Privateer Mines ..	3c	Aug. 10	July 30
Paton Mfg.	50c	Sept. 15	Aug. 31
Do., pref.	$1.75	Sept. 15	Aug. 31
Photo Engravers ..	50c	Sept. 3	Aug. 15
Prov. Transport ..	20c	Aug. 15	Aug. 5
Quebec Power	25c	Aug. 26	July 22
Quinte Milk	10c	Aug. 1	July 20
Remington Rand .	20c	Oct. 1	Sept. 10
Do., pref.	$1.12½	Oct. 1	Sept. 10
Rolland Paper	15c	Aug. 15	Aug. 5
Do., pref.	$1.50	Sept. 2	Aug. 15
Royal Bank	$2	Sept. 3	July 31
South. Can. Pr. ..	20c	Aug. 15	July 31
Shawinigan Pr. ..	23c	Aug. 26	July 24
Stuart, D. A. Oil, p.	20c	Sept. 3	Aug. 15
Teck-Hughes	▪10c	Oct. 1	Sept. 10
Do., bonus	▪5c	Oct. 1	Sept. 10
Toburn Gold	2c	Aug. 22	July 22
Do., extra	2c	Aug. 22	July 22
United Corp. "A".	38c	Aug. 15	July 31
Upper Can. Mines	‡3c	Aug. 31	Aug. 15
United Fuel, A., p.	75c	Oct. 1	Sept. 20
Walker-Good.	$1	Sept. 15	Aug. 23
Do., pref.	25c	Sept. 15	Aug. 23
Weston, Geo., c. ..	20c	Oct. 1	Sept. 12
Wr. Hargreaves ..	†10c	Oct. 1	Aug. 22
Do., bonus	†5c	Oct. 1	Aug. 22
Wilsil	25c	Oct. 1	Sept. 14
York Knitting	10c	Aug. 15	Aug. 8
Do., 1st pref. ...	$3.50	Aug. 15	Aug. 8
Do., 2nd pref. ...	$3.50	Aug. 15	Aug. 8

†Payable in U. S. funds ‡Initial.
*One share for each 40 shares held.
▪Subject to approval by Foreign Exchange Control Board.

Dom. Engineering Plant Is Being Extended

From Our Own Correspondent

MONTREAL. — Dominion Engineering Works Ltd. has awarded a contract for extension of tool and pattern shop facilities, at unstated cost. The company has awarded contracts for other additions to this plant to cost approximately $70,000.

DIVIDEND NOTICES

The Royal Bank of Canada

DIVIDEND NO. 212

NOTICE is hereby given that a dividend of two per cent (being at the rate of eight per cent per annum) upon the paid-up capital stock of this bank has been declared for the current quarter and will be payable at the bank and its branches on and after Tuesday, the third day of September next, to shareholders of record at the close of business on the 31st day of July, 1940.

By order of the Board.

S. G. DOBSON,
General Manager.

Montreal, Que., July 16, 1940.

The Guelph Carpet & Worsted Spinning Mills Limited

PREFERRED DIVIDEND No. 45

Notice is hereby given that a Dividend of One and Five-eighths per cent (1⅝%), being at the rate of Six and One-half per cent (6½%) per annum, has been declared upon the outstanding 6½% Cumulative Convertible Preferred Shares of The Guelph Carpet & Worsted Spinning Mills Limited, for the Three Months ended July 31, 1940, payable August 1, 1940, to Shareholders of record at the close of business July 20, 1940.

By Order of the Board.

B. F. GRIGGS,
Secretary-Treasurer.

Guelph, Ont., July 26, 1940.

Banque Canadienne Nationale

Quarterly Dividend

NOTICE is hereby given that a dividend of two per cent (2%) (being at the rate of 8% per annum) has been declared by the Directors of the Banque Canadienne Nationale on the paid-up capital stock of the Bank for the quarter ending on the 31st day of August, 1940. This dividend, bearing the number 198, will be payable at the Main office or at the branches of the Bank, on or after the first day of September, 1940, to the shareholders of record on August 15th.

By order of the Board,

CHARLES ST-PIERRE,
General Manager.

Photo Engravers & Electrotypers Limited

DIVIDEND No. 31

Notice is hereby given that a dividend of Fifty cents per share has been declared on the no par value stock of this Company, payable Sept. 3rd, 1940, to Shareholders of record at the close of business on the 15th day of August, 1940.

The Transfer books will not be closed.

By order of the Board.

JAMES RICHARDS,
Secretary-Treasurer.

Toronto, July 25, 1940.

CANADA MACH. PFD.
CONFED. LIFE
TORONTO CARPET COM.
Bought and Sold
A. J. Pattison, Jr. & Co.
Royal Bank Bldg., Toronto
EL. 5101

Week in Wheat

Surplus Problem Acute As Crop Year Starts

Little or no Abatement in Sight for Difficulties of Storage and Marketing — Argentine Export Embargo Stirs Interest

From Our Own Correspondent

WINNIPEG.—Canada swung into the new crop year this week with little prospect in sight of any effective abatement of its major problems of wheat marketing and storage of surplus.

With a carryover of several hundred million bushels and estimates of the new crop ranging up to 400 million bushels, finding either market outlets for wheat and flour or storage for the inevitably huge surplus looms as an acutely serious riddle. A carryover of over 300 million bushels into the 1941-42 crop year is now considered probable.

Chief new developments holding out any hope of easing the difficulty were the Argentine embargo on further exports of wheat or flour, and reports from some quarters that Britain may take larger quantities of Canadian wheat if this can be done on a barter basis. The latter possibility was unconfirmed. Argentina's suspension of exports applied to old crop wheat and flour, because adverse weather has sharply reduced the probable export surplus to be available from the new crop.

The Argentine action was reflected in some price strengthening at Chicago, but had no perceptible effect toward getting trading on the Winnipeg market out of the doldrums. Remaining exportable surplus of Argentine old crop was small.

Elevator Profits

The Board of Grain Commissioners has issued an order reducing the maximum rate which may be charged for storing grain in western country and terminal elevators from one thirtieth of a cent per day to one forty-fifth. All elevator companies had applied for maintenance of the tariff without change. Elevator operators controvert the assumption that they will make large earnings from continued storage of heavy quantities of grain throughout the year, by pointing out that the present situation threatens to reduce the volume they can handle, and that their earnings are more dependent upon turnover than upon having their storage space kept occupied.

Conceding that they should not make large profits out of a situation arising from the war, they are likely to point out the unremunerative nature of their business during recent years upon the tariff rates which have now been reduced. They will also point out that their offer to the Canadian Wheat Board to return to that body any earnings that might be realized in excess of 6% on their capital as indicating a desire to protect the Wheat Board against excessive costs.

* * *

Importers Pay Storage

A principal reason in support of a reasonable tariff charge for storage is seen in the fact that under conditions which usually prevail storage costs do not rest on Canadian producers. They rather represent payment which importers overseas are willing to make for use of storage facilities in Canada, representing investment of over $100 millions. Purchasers are constantly willing to pay more for grain for deferred than for immediate delivery, because they thus relieve themselves either from greater costs of storing grain elsewhere, or difficulties created by the fact that very little grain can be satisfactorily stored elsewhere. The question of storage charges, however, seems to be settled for this year by decision of the Board of Grain Commissioners.

* * *

Some Crop Damage

Early last week, reports Sanford Evans, a broad, flat, low-pressure area thrust its way toward the prairies from the extreme northwestern part of the continent. This typical heat wave formation advanced steadily and temperatures quickly moved to higher levels. This "low" did not cover the entire prairies and as a result certain sections escaped the intense heat. The fortunate parts were located in central and northern Alberta, the balance of the prairies experiencing temperatures which were generally over 90 degrees Fahrenheit, and in places exceeding 100 degrees.

Precipitation occurred several times during the week, the best falls bringing relief from the excessive heat. Many places in southern and central and a few parts of northwestern Manitoba received from one to almost two inches of rain and conditions are much improved. Other sections, however, are in need of early moisture. In Saskatchewan, precipitation was extremely variable, and excepting where moisture totalled close to one inch or was over that figure, crops would welcome a heavy rain. Alberta grain lands received less moisture but, nevertheless, rainfall was largely sufficient to ensure continuance of normal development in the centre and north. The southern sections suffered from the heat and dryness and growth has been forced.

Steady development has taken place in Manitoba, as a whole, and wheat fields average around 30-31 inches in height. Growth is somewhat later in the other two provinces and wheat ranges 23 to 26 inches high in Saskatchewan and 22 to 24 inches in Alberta.

Heat and drought continue to be the greatest threats, having already exacted a fair toll of crops. Hail has been experienced frequently in the past few weeks but has only cut into prospective yields in scattered territories. Grasshoppers are flying but few demands for bait have come from new areas.

* * *

Lost Markets Pinch

There is not now, and never has been, too much wheat in the world, remarks the Jas. Richardson & Sons weekly letter. Some people, somewhere, could always have eaten more or better bread. Why, then, have surpluses accumulated? At the present time the answer to that question is simple: important deficiency countries of continental Europe are under German control and subject to the British blockade. Until a free Europe is restored, wheat cannot move across the ocean to those blockaded markets and will continue to accumulate in the granaries of overseas exporting countries.

If we look at the matter closely it is apparent that the accumulation of surpluses in pre-war years was very similar. War had not been declared, but the governments of European countries were so afraid of war that they did everything within their power to become self-sufficient and to get along without imported wheat, regardless of the cost to themselves and to the countries which were ready and eager to supply them.

The restoration of peace on a basis which offers some assurance against future aggression should mean the end of most of these economic absurdities. Europe will be able to think again of butter rather than of guns. When that day comes Canada will stand ready to supply many of the needed foodstuffs and raw materials and, in particular, millions of bushels of the best quality wheat available on world markets. In thinking of the eventual future of Canadian wheat, then, we should think, not in terms of the present situation, which is temporary, nor in terms of the restricted markets of the period from 1929 to 1938, but in terms of a world which has returned to some degree of economic sanity.

DIVIDEND NOTICES

YORK KNITTING MILLS, LIMITED

DIVIDEND NOTICES

July 29, 1940.

Notice is hereby given that a dividend of 3½% has been declared on the first preference stock of the Company, for the six months ending June 30, 1940, payable August 15, 1940, to shareholders of record at the close of business on August 8, 1940.

By order of the Board.

WM. A. CLARKE,
Secretary.

Notice is hereby given that a dividend of 3½% has been declared on the Second Preference Stock of the Company, for the six months ending June 30, 1940, payable August 15, 1940, to shareholders of record at the close of business on August 8, 1940.

By order of the Board.

WM. A. CLARKE,
Secretary.

Notice is hereby given that a dividend of 10c per share has been declared on the Common Stock of the Company for the six months ending June 30, 1940, payable August 15, 1940, to shareholders of record at the close of business on August 8, 1940.

By order of the Board.

WM. A. CLARKE,
Secretary.

LOBLAW GROCETERIAS CO. LIMITED

NOTICE is hereby given that a quarterly dividend of 25 cents per share on the Class "A" shares, and a quarterly dividend of 25 cents per share on the Class "B" shares of the Company have been declared for the quarter ending August 31st, 1940, payable on the 3rd day of September, 1940, to shareholders of record at the close of business on the 10th day of August, 1940. The transfer books will not be closed. Payment will be made in Canadian funds.

By Order of the Board.

R. G. MEECH,
Secretary.

Toronto, July 23rd, 1940.

Lake of the Woods Milling Company Limited

DIVIDEND NOTICE

NOTICE IS HEREBY GIVEN that a dividend of 1¾% has been declared on the Preferred shares of the Company, payable on September 3rd, 1940, to shareholders of record at the close of business on August 17th, 1940.

By Order of the Board,

D. A. MacINNES,
Secretary.

ADJUSTMENT TO BE MADE

P. N. Monforton, clerk-treasurer, advises that holders of debentures of the town of LaSalle, Ont., may now present their securities to the Guaranty Trust Co., Windsor or Toronto, in order that adjustment of claims and settlement of interest may be made. This is in accordance with the interim plan for adjustment of debenture and other indebtedness recently approved by the Ontario Municipal Board.

Levy on Flour Said Too Low

Some Western Members Ask 60 Cents Per Bushel Process Tax

From Our Own Correspondent

OTTAWA.—While the Government's wheat policy for the new crop year, largely an extension of the policy in effect for the 1939 crop, is generally acceptable to western members, one point remains under fire.

The belief is held that the new processing tax, which the Government has fixed at 15 cents a bushel on wheat used for flour in domestic consumption, should be 50 or 60 cents.

Seek $1.25 Domestic Price

The processing tax in effect creates a domestic price for wheat at 85 cents, that is, the guarantee of 70 cents, plus the tax. The idea of a domestic parity price has strong support among western members, and the figure they believe should be about $1.25 a bushel. A tax of 55 cents would create a price of $1.25 to Canadian millers, who would be eligible for a rebate of the tax where the flour was shipped for export.

The argument is that a difference of 60 cents a bushel in the price of wheat means only one cent difference in the price of a loaf of bread. The new tax, it is argued, may furnish the excuse for a boost in the price of bread and the tax could easily be three or four times the 15-cent figure fixed by the Government without injuring the bread consumer. It is recognized, however, that baking costs, aside from the price of flour, have increased along with general increased costs of production as a result of the war.

Scandinavian Pulp Suffers

Outlook Is Extremely Uncertain Says U. S. Commerce Department

From Our Own Correspondent

MONTREAL.—Prospects for the Scandinavian pulp and paper trade are extremely uncertain, owing to the swift change in the political and military situation in Europe, according to reports received from its representatives by the U. S. Department of Commerce.

The Norwegian pulp industry has been almost at a standstill since the occupation of Norway, which dislocated operations in many districts and paralyzed all overseas trading. Some mills have been operating to complete storage stocks.

Deal With Germany

Last month the Norwegian Wood Refining Council, consisting of a committee appointed by the paper, timber and wood pulp associations, reached an agreement with Germany for the sale of large quantities of chemical and mechanical pulp. It is described as the largest order ever received by the Norwegian industry and will keep most mills occupied for the next three or four months.

So far as can be ascertained, the supply of pulpwood and other raw materials, as well as labor, will be ample for many months. No information is obtainable as to the stocks of wood pulp on hand, although they are believed to equal storage facilities at the mills.

Have Water Shortage

Reports from Sweden indicate that the prospects of keeping the pulp mills going are very doubtful. Manufacturers of wet mechanical pulp who cannot store their production for any length of time have ceased work. As most of the mills in recent months have had to reduce their output very considerably owing to the shortage of water, very little mechanical pulp will now be in stock.

The Swedish cellulose pulp mills, of course, can produce for stock, but just before the opening of the shipping season their warehouses are usually fairly full, especially at such mills as have not been able to ship from the west coast ports during the winter. Moreover, as most of them are very short of coal, many already have closed down or have decided to do so in the near future.

Efforts are now being made by the Swedish mills to effect deliveries in spite of the blockade and the control measures of the belligerents. Any new sales are rendered more difficult by the uncertainty regarding the cost of transportation by the new route under consideration.

There have been no recent reports on the pulp and paper situation in Finland.

Insurance Inspectors Must be Identified

According to an order-in-council just issued at Ottawa, insurance companies in Canada can employ only inspectors who have been furnished with a card of identification by the Royal Canadian Mounted Police. Companies must also send to the R. C. M. P. commissioner a complete list of their inspectors, giving the address of each and the territory in which each operates.

It is also provided that no inspector may send a report of his inspection outside Canada unless it is first submitted to the Commissioner.

The Dominion Government has taken this step as a precaution against circulation of unauthorized information. Insurance inspectors often acquire important information regarding plants which might be helpful to the enemy if divulged. At first the suggestion was made that nobody but a British subject should act as inspector. But this evidently has been amended to allow men who have established their good faith to act whether British subjects or not.

Canadian Marconi Orders Pile Up

From Our Own Correspondent

MONTREAL.—With the placing of a further order of $215,174 for electrical equipment with the Canadian Marconi Co., the value of contracts placed by the Department of Munitions and Supply with this organization for the first three weeks of July aggregated over $600,000.

Glutted Storage Creates New Delivery Problem

From Our Own Correspondent

WINNIPEG.—It is understood that the Wheat Board is making a special study of the problem of regulating farm deliveries of wheat. Ottawa in announcing its wheat policy for the new crop year commencing this week has apparently left this task to the Board.

Not to regulate deliveries would be to leave an advantage with those farmers who first complete threshing, and who are able to fill up the limited amount of storage space which will be available. To regulate them will be to leave every farmer with difficulties created by the problem of farm storage of a part of his crop, not the least of which will be financing farm operations. Whatever system of establishing quotas for deliveries is determined upon is bound to leave a sense of grievance.

See Quotas Coming

One suggestion is that each farmer should be allowed to deliver only a certain percentage of his crop until some relief of the storage situation develops through exports. That would involve great difficulties in determining what actual yields have been, and in policing whatever regulations are established.

A more probable method is to declare that each farmer may deliver at first only a certain number of bushels per seeded acre, say 5 bushels in the case of wheat, and a somewhat larger quantity in the case of oats and barley. That would necessitate a system of delivery permits, based on sworn declarations from farmers as to the number of acres each put into crop. Under that system farmers who have put money into their own threshing outfits, into combines, or into trucks, in order to ensure the most rapid and efficient handling at harvest time will feel that they are being deprived of legitimate advantages of their position.

Manitoba Hit

Under any system of quota deliveries, Manitoba farmers, who normally harvest earlier than most farmers in Saskatchewan, will feel aggrieved at a loss of advantage of position, for which they feel they have paid in higher land prices and in higher taxes. No such system can be administered without the regulating body controlling the distribution of cars to shipping points in western Canada, and there is always a danger in such control interfering with the efficiency of railway handling. One method of control previously in effect will have to be abandoned. That is the car order book, under which each farmer at shipping point is entitled to put his name down for a car, which must be supplied before any other farmer has been furnished with a second car.

Quebec Pulp Watches Trend

Chicoutimi Plant Re-opening Depends on Long-term Contract

From Our Own Correspondent

MONTREAL.—There has been no change in the situation surrounding Quebec Pulp and Paper Corp., which owns important timber limits, water powers and an idle groundwood pulp mill at Chicoutimi. The management is closely following developments with a view to eventual reopening of the plant.

There have been numerous enquiries from prospective pulp buyers in the United States and Britain. While there would be little trouble experienced in selling all the groundwood pulp that can be produced, the main obstacle to reopening of the plant is the difficulty in securing long term contracts.

Much Capital Involved

The management feel that they would not be justified in reopening the plant unless there was assurance of a long-term outlet for the output. Several hundred thousand dollars would be required to put the plant into shape. Moreover it would require from five to six months of work to put the machinery into shape for production.

Another obstacle to the near-term reopening of the plant is that the company has no wood on hand. It would be possible to purchase some supplies from settlers and contractors, but a regular supply from the company's own property would not be available until next spring.

Australia Rations Use Of Newsprint by Press

From Our Own Correspondent

MONTREAL.—Rationing of newsprint reduced the size of Australian newspapers as from July 1. Metropolitan dailies and large weeklies are limited to 35% of their 1938-39 tonnage; other papers from 25 to 35%.

This rationing is expected to save £1 million ($2.8 millions) annually in foreign exchange.

Since the beginning of the year exchange restrictions which have been in force have reduced the newsprint consumption of most Australian newspapers by nearly 25% of pre-war consumption.

AWARDED CONTRACT

The Universal Cooler Co., Brantford, Ont., has been awarded the exclusive contract for manufacture of low temperature storage cases to be used for retail distribution of Birds Eye Frosted Foods in Canada. The Frosted Foods Division, Hudson's Bay Co., Toronto, is the exclusive Canadian distributor for those products.

Far West Critical Of Wheat Policy

British Columbia and Alberta Points Seen Out of Picture

From Our Own Correspondent

VANCOUVER. — Although the grain movement through Vancouver has been extremely light this year owing to war conditions, grain men here fear that the port is being shut out of any prospective business that may materialize as a result of the new Canadian policy making Montreal the base point at which the 70 cents per bushel guarantee is to be paid.

Alberta growers feel the same way about it, and they have petitioned Ottawa for action that will assure them of a continuance of the two-cent advantage previously enjoyed in shipping to the Pacific coast instead of to the Lakes.

Wheat growers in the Okanagan and other British Columbia grain areas claim that they will be locked out of the export business as a result of the new order. All export trade is now with the United Kingdom. Japan and China are not buying as they can get wheat much more cheaply from Australia.

Commodities

Commodity prices have remained in the doldrums. Trading has been of small volume and price changes narrow. Weekly indices are mostly lower.

Duration of the continental blockade is the chief point of interest.

It is realized that prolonged loss of European markets will have a serious effect on various raw materials which normally find their chief demand there.

COMMODITY PRICES

	Latest week	Previous week	Same week last yr.
Cattle	$8.50	$8.85	$7.00
Hogs	9.75	9.40	9.85
Copper, lb.	.11½	.11½	.10⅛
Cotton, lb.	.1019	.1026	.0965
Rubber, lb.	.22	.2226	.1657
Sugar, raw, lb. ..	.0263	.0265	.0290
Silk, lb.	2.54	2.54	2.70½
Wheat, Man. (bu.)	.71⅝	.71⅝	.53⅝
Coffee, lb.	.05¼	.05¼	.05⅛
Hides	.10½	.12	.12
Weekly Indices			
Canada (D.B.S.) ...	82.0	81.7	72.8
Do., Wood, Gundy	85.3	85.7	53.9
U. S. Labor	77.6	77.9	75.2
Dow Jones (future)	50.84	50.94	47.84
Fishers'	81.6	81.8	78.6
Monthly Indices			
Canada (D.B.S.):			
Retail (June)	86.0	86.0	82.9
W'sale (June) ...	81.6	82.1	73.3
U. S. (May)	78.4	78.8	76.2
Gt. Brit. (Mar.)	129.4	128.5	96.6

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. Silk—Crack db., 13-15 New York. Sugar — 96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides — No. 1 packer light.

U. S. Advertising Trend Lower During June

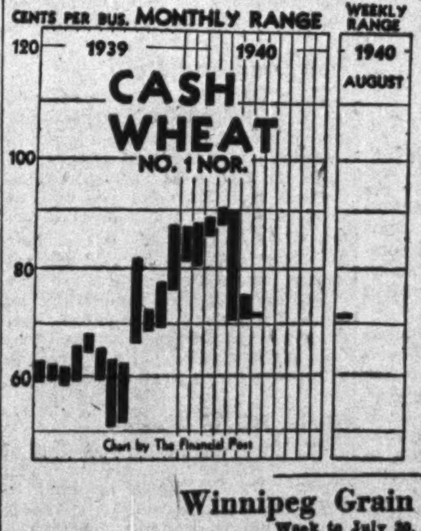
From Our Own Correspondent

MONTREAL. — Total newspaper advertising linage in 52 key American cities, as reported by Editor and Publisher, declined 1.7% in June compared with the same month a year ago.

Only two of the seven classifications, classified and automotive, registered gains for the month.

The total linage for the month was 103.3 millions, as against 105.1 millions in June, 1939.

Wheat Prices



Cash Quotations

	For Week July 30 High	For Week July 30 Low	Prev. Week High	Prev. Week Low
Wheat:				
1 Hard .	.71⅝	.71⅜	.71⅝	.71⅜
1 Nor. ..	.71⅝	.71⅜	.71⅝	.71⅜
2 Nor. ..	.68⅝	.68⅜	.68⅝	.68⅜
3 Nor. ..	.63⅝	.63⅜	.63⅝	.63⅜
4 Nor. ..	.59⅝	.59⅜	.59⅝	.59⅜
5 Wheat .	.57⅝	.57⅜	.57⅝	.57⅜
6 Wheat .	.56⅝	.56⅜	.56⅝	.55⅜
Feed	.52⅝	.52⅜	.52⅝	.52⅜
Oats:				
2 C. W. .	.31	.29½	.33⅝	.31¼
3 C. W. .	.28	.26½	.30⅝	.28½
Barley:				
1 Feed ..	.33¼	.32¼	.33½	.31⅞
2 Feed ..	.32½	.31⅞	.32⅝	.31⅝
Flax:				
1 C. W. .	1.37½	1.32½	1.29¾	1.28
2 C. W. .	1.33½	1.28½	1.25⅝	1.24
Rye:				
2 C. W. .	.46½	.45½	.45½	.43½

Winnipeg Grain Futures

Week to July 30, 1940

Crop year from Aug. 1, 1939 High	Low		Open July 24	High for week	Low for week	Close July 30	Close year ago
		Wheat					
.93¼	.81⅝	July	.71⅞	.71⅝	.71⅝	.71⅝	.52½
.95⅝	.63⅝	Oct.	.73⅞	.73⅝	.73⅝	.73⅝	.53¼
.79⅝	.74⅝	Dec.	.74⅞	.74⅝	.74⅝	.74⅝	.55
		Oats					
.40⅞	.28⅞	July	.32	.32½	.29	.29⅝	.26⅝
.38⅛	.26¼	Oct.	.28⅞	.29⅝	.28	.28⅝	.27¼
.29¼	.25⅞	Dec.	.27⅛	.27⅝	.26⅝	.27⅝	.26⅝
		Barley					
.53⅝	.31⅝	July	.34⅝	.34⅝	.33½	.34⅛	.35⅝
.52	.32⅝	Oct.	.35⅝	.36⅝	.34¼	.34⅝	.35⅛
.38⅛	.33¾	Dec.	.36⅝	.36⅝	.34¼	.35	.35⅛
		Flax					
2.39	1.24	July	1.32⅝	1.37½	1.32½	1.36½	1.30
2.36½	1.29	Oct.	1.34⅛	1.37½	1.33⅛	1.36	1.29¼
		Rye					
.81⅛	.39¾	July	.46½	.47⅛	.45½	.46¼	.37⅝
.77⅛	.39⅞	Oct.	.46⅝	.47⅛	.46	.46⅝	.38⅛
.46⅝	.39¾	Dec.	.47⅛	.48⅝	.46⅝	.47⅝	.39⅝

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Week in Mining

Junior Golds Take Lead In Mine Mart Revival

Rise Latter Part of Last Week Continued With Activity of Junior Golds Spreading Over Into Base Metals

With junior golds moving sharply higher, the mining market has enjoyed its first important recovery movement in months. While the movement upward was less marked last Monday, Tuesday saw a strong resumption of the upward trend with base metal issues leading the way.

Market operators reported no specific development as the cause for the market's rise. Generally, the rise was attributed to a belated realization that the market was in an oversold condition; that earnings available on many junior gold issues were the highest within memory; and that the market was probably discounting much future bad news. Extension of the Dominion's war effort may have caused this week's strength in base metals.

The increased public interest in the mining market is gratifying to those who hope for a general revival in new mine development, but it is clearly evident the market has still a long way to go before people can be interested in opening up new properties.

Discussing this situation with a man who has been responsible for bringing into production at least three gold mines the last few years, The Post was asked a very pertinent question:

"Why should I sell my shares which are still showing such high earnings to buy shares in new companies which, even if they are successful, may not show as high earnings as those I now have?"

The general answer to this question probably is the small number of new mining companies being formed at the present time. Shares of prospect companies won't be purchased in quantity while shares of old companies are selling at bargain levels.

* * *

Action Just in Time

Action of the Dominion Government in suspending recruiting activities on Aug. 15 comes just in time to save mining companies suffering serious difficulties. If the Dominion Government believes that gold mining is an essential industry, as it states it does, nothing must be allowed to interfere with the mines' labor supply.

In Kirkland Lake alone, over 1,000 men are stated to have been recruited for overseas service, and at some mines the supply of skilled labor has been seriously depleted. At Cheminis Gold Mines, in the Larder Lake area, the mine manager is now forced to stay underground because recruiting has forced use of unskilled labor. At Yama Gold Mines, further south, 14 men have joined up out of a staff of 85 men. In most cases it has been impossible to fill vacancies with experienced help.

If it is going to be necessary to use inefficient help at many of the mines, costs are bound to go up and production may fall off.

* * *

The Axis on Gold

Axis propaganda against gold is apparently now being widely recognized as such by the press in the United States.

Edward J. Condlon, writing in The New York Times, states that there is evidently a desire in Germany and Italy to have the United States stock of 80% of the world's gold considered useless immediately, lest this metal nullify some of the fruits of military victories gained thus far.

Mr. Condlon's article is prompted by statements of Walther Funk, Reichsbank head, and Vincenzo Azzolini, director-general of the Banca d'Italia, on the rôle of gold.

* * *

No Copper Boom Yet

Export copper at 10 cents a pound in New York is now selling below the price at outbreak of war last September. The largest buyer for export at the moment is not Great Britain but Japan, although Britain has been in the market recently. Even the Japanese buying—reported at around 5,000 tons last week—is not of important proportions.

Two reasons for the present slow market may ge given. First, Britain has tremendous copper-producing resources in both Africa and Canada which were not available in the last war; there has been no dependence on U. S. supplies. Secondly, elimination of France as a purchaser of copper has been a bearish factor in the New York market situation.

Although the New York market is relatively inactive there are reasons for believing this situation will not extend over any period of time. The United States is embarking on a great armament programme; British copper buying may soon take up the slack caused by France's capitulation, and Canada and other Empire countries are stepping up their own war industries.

* * *

Gold Output Rises

With Ontario and Quebec both reporting record production of gold in June, it will not be surprising if output for all Canada established a new record last month. Ontario and Quebec are the two big gold producing provinces of the Dominion.

Figures for gold production in May, just released by the Dominion Bureau of Statistics, show that value of production in that month was the highest on record at $17,037,058, although quantity of gold produced at 442,521 ounces was not a record, being exceeded by the 449,207 ounces produced last August. However, gold mines have been stepping up grade to increase the Dominion Government's supply of foreign exchange; hence the belief that June production was a record in volume as well as value appears to be well founded. Ontario output alone for June was nearly 10,000 ounces higher than in May.

* * *

First Mercury Shipped

Consolidated Mining & Smelting Co. has made its first shipment of mercury from its new plant at Pinchi Lake in the Fort St. James district.

The shipment, consisting of 400 flasks, was flown from the reduction plant to Fort St. James, where it was transported to Vanderhoof by truck and thence by train to Montreal.

The 400 flasks represented one month's production, about four times the previous entire output of that essential war metal in this province. It is the largest shipment ever made from a Canadian mine. Last year Canada imported 1,437 flasks of mercury.

Previous production of mercury in B. C. has been slight, and most of it was in the late '90's from the Kamloops district.

Wendigo Reports Higher Profit

Earnings Equal 2.4 Cts. a Share — Cash Assets Double

Highlights of the annual report of Wendigo Gold Mines for the year ended April 40, 1940, are as follows:

Earnings equal to 2.4 cents a share compared with 2 cents the previous year.

Working capital more than doubled at $229,792.

Ore reserves slightly higher at 43,000 tons of $13 ore compared with 40,300 tons of $11 ore the year previous.

Ore west of the shaft has been found to be shorter and narrower but higher grade on the 950 and 1,100-ft. levels. At each of these levels, it has been opened for 220 ft. averaging $20 over 3 ft. This compares with 520 ft. of ore averaging $11 over 7 ft. at the 650-ft. horizon. On the 500-ft. level to the east, 330 ft. of ore has been opened up averaging $12 across 3 ft. vertical continuity above and below has not been found so far.

Income and Surplus Account
Years Ended April 30

	1940 $	1939 $
Total production	463,737	400,263
Less: Marketing	24,262	19,844
Net production	439,475	380,419
Less: Devel. & mining	169,832	172,251
Milling	63,957	59,238
Admin. & gen. exp.	14,589	14,788
Operating profit	191,097	134,142
Add: Invest. inc.	812	......
Total net earnings ...	191,909	134,142
Less: Depreciation ...	31,562	30,605
Development w/o ..	47,790	32,941
Estimated taxes	28,754	1,273
Net profit	83,803	69,323
Add: Prev. surplus ...	69,629	306
Less: Addit. dev. w/o	38,077	......
Surplus forward	115,355	69,629
Earnings per Share and Dividend Record:		
Earned	$0.024	$0.02
No dividend paid.		
No. of Shs. Outstand.	3,498,890	3,498,890
Working Capital		
Current assets	279,808	132,383
Current liabilities	50,016	22,777
Working capital	229,792	109,606

LAPA ASKS RELEASE

Application has been made by Lapa Cadillac Gold Mines to the Ontario Securities Commission for release of 970,000 shares held in escrow by Toronto General Trusts Corp. Consent for the release has already been secured from the Toronto Stock Exchange.

Guysborough Profits Are Nearly Tripled

Operating profits of $26,159 realized by Guysborough Mines in the three months ended June 30, 1940, were almost treble the $8,893 for the same quarter last year, the company's quarterly statement shows. Profits are calculated after taxes but before write-offs.

Higher operating profits resulted from a step-up in grade of ore treated, production for the June, 1940 quarter amounting to $82,380 from 9,305 tons as against only $56,708 from 10,509 tons in the corresponding quarter of the previous year. Operating costs showed an increase of approximately $7,000 at $54,544 in the June quarter this year.

Claims Are Taken Over By Missinaibi Clays

A group of claims reported to contain deposits of mining clay have been taken over by the recently-formed Missinaibi Clays and Mining Co., on the Missinaibi River, 45 miles north of Mattice, Ont., in the Cochrane district.

The company is now seeking funds for development. Possibilities are stated to envisage opening up of several million tons of material. Authorized capital of the company is 1,250,000 shares of which 400,000 have been issued for property.

Falconbridge Profit Down

Loss of Refinery Reduces Net Drastically in Second Quarter

A reduction in net profit to $46,052 in the second quarter of 1940 from $474,143 realized the first three months is reported by Falconbridge Nickel Mines. It reflects the loss of the company's refinery in Norway together with stocks of finished and semi-finished products, according to the company's quarterly report.

The shift of operations to facilities extended by International Nickel on a toll basis naturally interrupted the even flow of production and marketing, it is stated. No quantities of production are given in accordance with instructions from Ottawa.

Gross Profit Down

Gross operating profits for the second quarter were not as greatly reduced as net profit, amounting to $285,065 compared with $755,857 in the first quarter of the year. Allowance for depreciation and deferred development was slightly more than $40,000 lower at $239,014. Capital expenditures were practically unchanged from the previous quarter at $42,318.

Working capital as at June 30, 1940 amounted to $5,987,349 compared with $4,476,723 as at June 30, 1939. Including in the 1940 figures, however, is an estimated $1,474,287 in net working assets lost in the German invasion of Norway.

Operations Run Smoothly

Operations are now stated to be moving smoothly again though on a restricted scale. Income meanwhile has been derived from sales of metal stocks outside of German control; from insurance payments on shipments seized; and from non-recurring exchange gains in transfers of U. S. funds. Metals from new refined production have commenced to flow to market and the third quarter is expected to reflect this improvement.

The plant at Kristiansand, Norway, is now operating under German direction and is evidently undamaged, it is stated. Its operation is stated to be obviously based on Falconbridge semi-processed reserves and on current Norwegian production of raw material.

Granby Continues Jap Shipments

Considered Economic Policy Under Present Set-up—No U. S. Mart.

Copper concentrates from Granby Consolidated Mining, Smelting & Power Co. will continue to be shipped to Japan under the company's present contract until other marketing arrangements are made, officials of the company state.

Although the company sells its output at a price based on the New York market, it would be impossible to sell this output in the United States, it is pointed out. There is a tariff of 4 cents a pound on copper entering that country. Lack of smelting facilities prevents the output being refined in this country.

Treat Low-Grade Ore

Since Granby treats only a low grade of ore it is stated to be impossible for the company to compete economically with producers in eastern Canada who have an output of nickel or gold along with the copper.

Even if a smelter is erected, the company will still be faced with the problem of marketing as it is far removed from the markets represented by the manufacturing centres of eastern Canada.

Yama is Planning To Ship Rich Ore

Negotiations With Neighboring Mill Reported to Be Progressing

Yama Gold Mines is negotiating to have upwards of 50 tons daily of "excellent" grade ore shipped to a neighboring mill, according to Dr. Harold G. Way, the company's consulting geologist.

As an alternative to shipment to a neighboring mill on a custom basis, it is possible that a test mill will be installed for bulk sampling and running high-grade ore.

It is believed that higher grade ore can be sorted from the waste to give a commercial mill head in either case. On the basis of a 50-ton daily rate, an average mill head of $25 a ton is mentioned as a possibility.

Ore Tests Made

Values at Yama occur in "ribbons" which have considerable lateral and vertical continuity. This is why the management believes that values can be segregated by mining a comparatively narrow width, and sorting. Thorough tests are stated to have been made. Sorting equipment would have to be installed.

About 300 ft. of lateral work has so far been completed on the 375 and 500-ft. levels. Work so far on the 500-ft. level is said to have checked extremely closely with surface drilling results. The "C" ore body has been definitely proved through to the 500-ft. level with values better on the 500-ft. level than on the 250-ft. level. On the whole, the new levels at 375 and 500 ft. are stated to definitely show better mineralization and more higher grade than was revealed on the 250-ft. level.

VERMILATA OILS

A further 29,870 optioned shares of Vermilata Oils have been taken up at 5 cents a share, the Toronto Stock Exchange is informed. A balance of 213,580 shares now remains under option at 5 cents a share with 13,580 shares to be taken up on Aug. 20 and blocks of 100,000 shares each on Sept. 20 and Oct. 20. Issued capital is 1,811,425 shares.

Tax Confusion Widespread . .

"Depressed" Industries and Firms With Fiscal Years Now Closing, Anxious for Rulings

Confusion exists among industrial companies in making provision for income taxes on the new basis recently announced by Ottawa, The Financial Post finds.

All companies are anxiously awaiting rulings from income tax authorities on a number of fundamental questions of policy. Without the necessary information, it is impossible to know what provision should be made for taxes. In the case of directors meeting to discuss such questions as dividend payments, it is not known how much the company actually is earning. Where fiscal years recently have ended or are about to close, there is even greater confusion.

Under the new taxes, companies pay 30% corporation tax or 18-20% plus 75% on profits over the four-year average 1936-39—whichever is the higher.

Still Formulating Policy

Income tax authorities at Ottawa are still formulating policy, and in the meantime some awkward cases are arising. The situation is particularly embarrassing to those expecting to be included in the "depressed businesses" grouping. Appointment of a Board of Referees to hear such cases must be made, and the board cannot act until new tax regulations are clear.

Companies with earnings which come under the "excess" profits ruling cannot arrive at exact average earnings figures for the four-year period 1936-39. The Government has not completed its audit yet for 1939, so companies are not sure of the exact taxable base.

Audit Delayed

Figures as released to shareholders and those upon which taxes are based do not always agree. Often the Government will change a charge to capital which the company has shown as current—and vice versa. Ottawa apparently has delayed the audit awaiting income tax department rulings on questionable points of policy in order to avoid having to repeat an audit.

Many companies with fiscal years ended or about to close are finding difficulty in making tax provision for the period from Jan. 1 last, from which date they are subject to the revised taxation. A few of these companies follow:

	Fiscal Year Ends
Canada Bread	June 30
Loblaw Groceterias	May 31
Brantford Cordage	Aug. 31
Willard's Chocolates	June 30
Canada Packers	Mar. 28
Agnew Surpass	May 31
Blue Ribbon	June 30
Nat. Steel Car	June 30
Willson Stat.	Apr. 30
Standard Fuel	Apr. 30

One company, with year ended June 30, will pay on the 30% basis. To arrive at an estimate, it has taken 22½% of the full year's profits—an average of 15% for the first half and 30% for the second half of the fiscal year. Added to this is the 5% Ontario provincial tax (formerly 2%).

Confusing Items

Another one, which expects to be subject to the 75% tax on "excess" profits in the fiscal year about to end is finding it more difficult. Its books have not had the Government audit for 1939 yet, and there are several large items which it is not clear whether Ottawa will allow them as a current or capital charge. To arrive at the four-year average for 1936-39, therefore, is somewhat difficult.

One company with fiscal year ending in October is providing 35% of profits for taxes—still not being sure whether it will be subject to the 30% tax or the 18% tax plus 75% on "excess." Officials feel the 35% probably is too low, but cannot be sure until the full year's profit figures are available to know to which tax it will be subject.

Many companies with fiscal years ended in the early months of 1940 will have to make adjustments—in some cases heavy ones. These are companies which issued the year's figures prior to the new taxation being announced in Ottawa.

Adjustments To Be Made

Canadian Canners, for instance, which ended its fiscal year on Feb. 29 and issued its report May 2, will be subject to an adjustment for the final two months. The company's profits were sharply higher than for the four-year average 1936-39, so the adjustment likely will be quite large.

Canadian Cottons and Silverwood Dairies are others, and not the only ones, where the adjustment may be large. These two companies ended their fiscal year March 31 and issued reports May 7 and June 10, respectively, before the new taxes were announced in the last week of June. Net profits for the latest fiscal year were in each case considerably higher than for the four-year average.

Some other representative companies which issued reports prior to announcement of the new taxes and which will be required to make adjustments include the following:

	Fiscal Year Ends
Dairy Corp.	Mar. 31
Dominion Textile	Mar. 31
National Grocers	Mar. 31
Ontario Tobacco	Mar. 31
Union Gas	Mar. 31
Standard Paving	Mar. 31
Tuckett Tobacco	Mar. 31

The tendency among companies publishing interim statements for three or six months periods is to cease showing the break-down of figures such as income taxes until such time as clarification of the new taxes is obtained. George Weston Ltd. is an exception, and shows profits—before taxes—of $366,133, an increase of 16.9%; and provision for taxes of $109,840, an increase of 40.2%.

Other Confusing Features

Another confusing feature is that companies are not sure whether taxes will be paid on the basis of the company's fiscal year or the calendar year. Formerly a company paid on the basis of its own fiscal year, but it is understood this is likely to be changed.

The greatest confusion is to companies likely to receive special consideration by the Board of Referees under the "depressed businesses" grouping. A minimum tax of 5% or maximum of 10% of "capital employed" is to be charged. Capital is defined as "cost price of assets presently employed, less depreciation, borrowed money and debts." Assets not actually employed in the production of profits and assets producing tax-exempt incomes, will not be included. No clarification has been given as to what ranks as "borrowed money and debts," while the definition of "capital employed" is quite hazy and no two cases are likely to be the same.

Some of the companies likely to be considered under "depressed businesses" include:

Maple Leaf Milling
Western Canada Flour
Acme Glove
Canadian Converters
Dominion Woollens
Mercury Mills
Ontario Silknit
Regent Knitting
Tooke Bros.
Woods Manufacturing
Dominion Stores
Hunt's Ltd.
Muirheads Cafeterias

Week in Oils

Clearwater Test

From Our Own Correspondent

CALGARY.—A number of new "wildcat" projects are now being projected throughout Alberta as oil operators continue the search for another Turner Valley. While new development has shown a reduction in the general field of mineral exploration, the oil industry continues to find the funds necessary for the often expensive work of prospect drilling.

Areas which are expected to receive further test drilling in the near future now include the Clearwater structure, the Sarcee Indian Reserve and the Twin River field. In some cases, drilling has been carried out previously but possibilities were not thoroughly tried out so further drilling is planned.

Vancouver and Calgary interests are supplying the funds for a new test of the Clearwater structure, prospective oil and gas field 140 miles northwest of Calgary. Drilling permit has been obtained, camp buildings have been erected, and a crew is preparing to move drilling equipment into the well site.

The new test, to be known as Clear Oils No. 1, is on unsurveyed territory. The site is about two miles north and slightly west of the Altoba-Canyon test-hole, a 2 in. hole drilled in 1938-39 by the Calgary Gas Co. and Canyon Oils primarily to determine structural conditions in the field. The test encountered several promising oil and gas bearing horizons in the Devonian limestone.

* * *

Use Diamond Drill

The Clear Oils site was selected by S. E. Slipper, Calgary geologist, who has done considerable work in the Clearwater area and was responsible for the locating of the Altoba-Canyon test. Diamond rig will be used at the new well, under direction of O. D. Bush, and 6⅝ in. hole will be drilled. The first oil and gas zone is looked for at about 2,000 feet.

Drilling will be financed by an issue of preferred net royalties, carrying a bonus of shares in the Clear Oils and a gross royalty interest in a 320-acre block near the well site.

* * *

Twin River Wells

Buckley Oils No. 1, the first of three joint-ventures in the Twin River field, has been spudded in with heavy duty rotary rig and is now making hole below 100 ft. The Madison lime objective is expected between 3,900 and 4,000 ft.

Diesel-powered rotary rig for the second joint-venture, Western Drilling No. 4, is now being moved in, and the well is scheduled for spudding shortly. This well will drill on for a test of the underlying Devonian lime if the Madison fails to yield commercial production.

At the third joint-venture, Del Bonita Associated (Twin River No. 3), preparations are being made for a retest of the Madison lime. The well was shut down in 1937. Casing was set 10 ft. in the lime at 3,988 ft. after drilling through lime formation showing marked porosity and oil saturation. Drilling was then carried to 4,013 ft. without further showings being encountered. Lack of finances then forced suspension of operations. On the advice of Calgary geologist, J. S. Irwin, casing is to be perforated and a thorough test made of the top ten feet of limestone.

* * *

Sarcee Negotiations

Further indicative of increasing interest in wildcat prospects in the foothills is word that negotiations are under way by which Toronto interests may take over and develop a substantial block of acreage on the west edge of the Sarcee Indian Reserve. Tentative location for the first drill site is said to be about 15 miles north and west of North Turner Valley producing wells. The west side of the Sarcee Reserve is believed to overlie the north continuation of the great limestone ridge from which Turner Valley produces. In the belief of several prominent geologists, the lime will be found at shallow enough depths to warrant thorough test of the area.

* * *

Vermilata Drilling

Frankview Oils and Vermilata Oils are drilling a new No. 2 well offsetting Battle View No. 2 well while results are being awaited on the Frankview-Vermilata No. 1 well. The No. 2 well is being put down by Western Drilling Co., controlled by the Cord interests who have contracted to drill other neighboring wells.

The Frankview-Vermilata No. 1 well had reached a depth of 2,118 ft. at last report with good oil showings encountered at 2,055 ft.

Alliance No. 1, testing the Mill Creek structure near Pincher Creek, confirmed the Dalhousie sand marker this week at 5,587 ft. Drilling is proceeding below that depth with the Madison lime objective looked for in a few hundred feet, provided no faulting is encountered. Several narrow sands, showing gas and oil saturation, have been encountered in the past 2,400 ft.

* * *

Oil Incomes Well

Alberta Oil Incomes No. 1, North Turner Valley well that blew in under its own power a month ago, whose initial 22 bbls. an hour picked up to over 40 bbls. as the formation cleared of drill-fluid, and then increased to 55 bbls. an hour after a 300-gallon acid treatment, has been assigned a temporary quota of 900 bbls. daily by the Conservation Board. The quota is third largest in the field of 116 producers. The well will, however, produce around 700 bbls. for the time being, according to the operator, while effect on gas-oil ratio and pressure of this rate of production is determined.

* * *

Anglo-Phillips

Anglo-Canadian Phillips No. 1, deep north end test producing from the upper porous zone alone, has been given a quota of 400 bbls. daily. One inch choke flow rate was measured at 1,032 bbls. daily.

Foothills No. 6, also in the north end of the field, has received a quota of 350 bbls. One inch choke flow was measured at 1,152 bbls. Royalite No. 51, recently completed central west flank test, has received a daily quota of 250 bbls. One inch choke flow was measured at 632 bbls.

South end completion Commoil Ltd. No. 3 has completed one inch choke test, showing a rate of 1,355 bbls. daily. Pending setting of allowable, the well is being operated at a rate of 475 bbls. daily. Allowable is expected to exceed this figure.

B.C. Is Critical Jobless Scheme

Exclusion of Major Forest Industries Resented Log Operators Favor Bill

From Our Own Correspondent

VANCOUVER.—Exclusion of forest industries from application of the Unemployment Insurance scheme has brought considerable criticism from the provincial government and the logger employees. Logging operators, however, are in favor of the measure as it stands.

As lumbering is the biggest source of employment in British Columbia, the provincial government was anxious to have the insurance bill cover it.

The B. C. council of the International Woodworkers of America estimates that on the basis of 1938 figures loggers would have contributed $743,389 to the unemployment fund while taking out only $488,030 in benefits.

Logging on the Pacific coast is much less a seasonal occupation than in the East. Climate and production methods make it possible for logging operations to continue virtually the year round.

Fishermen are also excluded from the bill. However, this is an industry definitely seasonal and there has been no objection to its exclusion.

Montreal Sets Valuation On Public Utilities

From Our Own Correspondent

MONTREAL.—Valuation of assessments of Montreal public utilities for 1939-40 has been increased slightly to $82,684,584.

Canadian National Railways topped the list with $24,616,140, while the Canadian Pacific Railway comes second with $19,469,150. In third place is the Bell Telephone Co. of Canada, assessed at $17,028,252.

Other utilities' valuations are: Canadian Pacific Telegraphs, $50,000; Dominion Electrical Protection Co. $111,800; Canadian National Telegraphs, $232,827; Montreal Light, Heat & Power Cons., $8,879,828; Montreal Tramways Co., $11,864,907; Shawinigan Water & Power Co., $1,431,680.

Stadacona Rouyn Status Reported

Liquidator Reports Position as "Very Encouraging"

From Our Own Correspondent

MONTREAL.—Definite improvement has been effected in the affairs of Stadacona Rouyn Mines, according to a statement issued by Georges Duclos, liquidator of the bankrupt company.

New management was recently installed at the property and improvements in operating costs and underground conditions are being effected. Some obsolete equipment has been abandoned and replaced by more efficient machinery.

400 Tons a Day

The report of Mr. Duclos continues: "Additional shaft sinking is being undertaken at once in order to keep mine development properly balanced, and this will be done without borrowing.

"Production at the property is proceeding at the rate of 400 tons a day. Improvement in mill operations and in methods of underground extraction are in progress.

Profits of $89,500

"Operating profits since the company was placed in liquidation in December last amount to $89,500. Payments to preferred creditors and minor capital expenditures now total $61,500.

"In the circumstances," the liquidator continues, "the situation may be regarded as very encouraging."

MAGNET OUTPUT DOWN

A decrease in production was shown by Magnet Consolidated Mines (1936) in the second quarter of 1940. Output amounted to $274,089 from 9,382 tons of ore for an average recovery of $29.21 a ton, compared with $289,734 from 9,409 tons and an average recovery of $30.79 in the first three months of this year.

BROULAN SHARES RELEASED

Permission has been granted by the Toronto Stock Exchange and the Ontario Securities Commission for release of 900,000 shares of Broulan Porcupine Mines, held in escrow by the Chartered Trust and Executor Co.

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Directors of War—IV

Drafting men of special abilities from Canadian industry, financial institutions and the Dominion civil service, there has been created a vast machine for prosecuting Canada's war effort.

To familiarize businessmen with the personnel and various functions of Canada's special war organizations, The Post is publishing a complete roster of these bodies, of which the following is the fourth installment.

Department of Munitions & Supply

(Continued)

In preceding issues the Directors of War roster has given the functions and personnel of the executive, advisory and purchasing branches of the Department of Munitions and Supply. Survey of this department is continued below with a roster of the divisions and men specially concerned with production of needed war supplies.

Production Branches

AIRCRAFT DIVISION

The functions of this division are:

To negotiate and award contracts for aircraft, engines, accessories and parts, and special equipment for both the Canadian and British Governments.

To place orders for aircraft and other requirements of the Empire Air Training Plan.

Maintaining a supply of essential raw materials for the Canadian industry.

Planning and developing the expansion of the industry to take care of requirements.

Following up production after each contract is placed and assisting the manufacturer in the procurement of materials, parts or equipment.

Director: W. J. Sanderson, president, Fleet Aircraft Ltd., Fort Erie, Ont.

Executive Assistant: W. S. Goodeve, Motor & Coach Ltd., Chatham, Ont.

Assistant (England): J. T. Asquith, export sales manager, British Machine Tool Co.

Assistant (Raw Materials): J. C. Ruse, contractor, diamond drilling and exploration.

Assistant (Building): *A. K. Tylee, O.B.E., ex-Air Commodore, R.C.A.F.

* * *

SHIP CONSTRUCTION

The ship construction department was established on Oct. 19, 1939. This department organized the existing shipbuilding and allied machinery industries. These industries co-operated with the Government to the best of their ability and as a result the ship construction programme is up to schedule and it is expected production will continue on an efficient and economic basis.

Director of Shipbuilding: D. B. Carswell, marine superintendent, Dept. of Transport.

* * *

EXPLOSIVES AND CHEMICALS

The functions of this division are to organize the production of chemicals and explosives in Canada for war purposes, and obtain adequate technical advice on the supply of chemical products in Canada:

Director: J. R. Donald, J. R. Donald Co., Montreal.

Assistants: A. F. McCall, director, Drummond McCall & Co., Montreal; Dr. J. H. Ross, director, Forest Products Laboratory, Montreal.

* * *

CONSTRUCTION DIVISION

The duties of the division include:

Receiving plans and specifications submitted by the Department of National Defense and their consideration and approval, or the submission of alternative plans.

Calling for construction tenders.

Negotiating and awarding contracts.

Director of Construction, Defense Projects: *D. Stairs, chief engineer, Montreal Construction Co.

Assistants: E. P. Murphy, construction engineer, Dept. of Transport; L. C. Jacobs, engineer, Montreal, Power Corp of Canada.

* * *

PLANT SURVEY DIVISION

This division took over the activities and personnel engaged on the survey of industry started by the Department of National Defense in 1936 and expanded in the following years. This survey canvassed Canada's resources of plants able to produce requirements of the army, navy or air force; war materials and the plants capable of their production, or which could be converted to their production.

In addition, this division is engaged in:

Recommending firms that should be invited to tender.

Consultation with individual firms regarding the suitability of their equipment for specific projects.

The appraisal of submissions received touching both manufacturing costs and the cost of plant extensions.

Assuring, when required, an adequate flow of raw materials or semi-finished products to plants engaged in war orders.

Arranging priorities in production when required for war needs.

Director: Col. Gordon, Dept. of National Defense.

Assistant: A. T. J. Watts, Dept. of National Defense.

* * *

MUNITIONS AND GAUGES

This division was formed to handle all purchases by the British Supply Board in Canada. Since July 1 all British war purchases have been controlled by Hon. C. D. Howe for Canada and in the U. S. by Arthur B. Purvis.

Director: *W. F. Drysdale, vice-president, Montreal Locomotive Works.

Assistant Director (Munitions): W. S. Lecky, manager, Holman's Machines, Montreal.

Assistant (Gauges): Dr. C. A. Robb, Professor of Mechanical Engineering, University of Alberta.

Assistant: A. F. Gill, codes and specifications section, National Research Council.

* * *

*These men are serving without salary.

Govt.-Owned Companies

Operating Under Department

Government - owned, non - profit making private organizations have been set up to carry on special phases of the work of war production and supply. Function and personnel of three of the five units are given below. Directors are serving without remuneration.

* * *

CITADEL MERCHANDISING CO.

This company is concerned with ensuring the supply of machine tools and other equipment essential to war industry.

President: Thomas Arnold, chairman, Manitoba Steel Foundries Ltd.

Vice-President: L. J. Belnap, president, Consolidated Paper Corp.

Directors: J. D. Johnson, president, Canada Cement Co.; C. E. Gravel, director, Bell Telephone Co. of Canada; F. K. Morrow, director, Ogilvie Flour Mills Co.

* * *

FEDERAL AIRCRAFT LTD.

This company has been organized to co-ordinate the output of all parts and to expedite the production of Avro-Anson training aircraft.

President: R. P. Bell, director, Pickfords Black Ltd., Halifax and other companies.

General Manager: R. J. Moffett, chief aeronautical engineer, Canadian Vickers, Ltd.

Treasurer: F. L. Jeckel, Montreal manager, Hardy & Badden, chartered accountants.

Directors: Sidney Dawes, president, Atlas Construction Co., Montreal; G. Blair Gordon, president, Dominion Textile Co.; Russell Smith, Canadian Industries Ltd.; Allan Aitken, Price Bros. & Co., director of National Life Assurance Co. and other companies.

* * *

ALLIES SUPPLIES LTD.

This company will be concerned with administration of the munitions and explosives programme undertaken on behalf of the British Government and of any joint British-Canadian developments which may be assigned to it.

Chairman: Hon. C. A. Dunning, former Minister of finance.

President: Harold Crabtree, Howard Smith Paper Co., Montreal; president, Canadian Manufacturers' Association.

Directors

W. D. Black, president, Otis Fensom Elevator Co., Hamilton.

Beaudry Leman, president and managing director, Banque Canadienne Nationale.

J. Y. Murdoch, president, Noranda Mines Ltd. and other companies.

D. R. Turnbull, managing director, Acadia Sugar Refinery Co., Halifax.

R. H. McMaster, president, Steel Co. of Canada, Montreal.

E. A. Wilson, president and general manager, Ingersoll Machine and Tool Co., and vice-president and general manager, Morrow Screw and Nut Co., Ingersoll.

Dube, Leblond Offers Bonds of Order

From Our Own Correspondent

MONTREAL.—Paul Gonthier & Co. is offering $55,000 of 4½% first mortgage bonds of the Sisters of St. Joseph de St. Valier at par and accrued interest. Dube, Leblond & Co. is associated with Paul Gonthier & Co. in the offering, which is dated July 2 and matures in 1950.

The proceeds of this issue are being used by the order to help defray the cost of construction of a new orphanage. The issue is secured by a first mortgage on this property, valued at $65,000, and on the general credit of the order. Further, the issue has been authorized by the Cardinal.

War Metals Search Progresses

New Finds Prove Encouraging; Mercury Already in Production

By GORDON M. GRANT
Staff Writer, The Financial Post

When war broke out nearly a year ago, prospectors across Canada took up a search for war metals—minerals of strategic importance in waging today's kind of war. This search has been aided by surveys made by the various governments which realized the needs of the situation.

Definite progress has been made in adding to Canada's already impressive list of metals produced. Mercury is now being produced in important quantities and output of magnesium, manganese, tungsten, chromium and molybdenum appears quite possible.

An Important Contribution

Production of mercury may be about as important a single contribution as could have been made in the war metal field. A steady supply of mercury is essential in the manufacture of munitions. Canada can now supply the Empire with two thirds of its requirements.

Spain has been a great reservoir of mercury production for the British Empire, but with steps taken to prevent the Germans importing oil through Spain, it is quite possible that Spanish mercury will no longer be available in the United Kingdom. Spain and Italy between them produce over 90% of the world's mercury. With production from Canada, however, a danger of an allied shortage will likely be abated. Mercury is one of the few metals to show a steep rise in price since the outbreak of war.

Mine at Pinchi Lake

Canadian mercury is obtained from a newly developed mine of Consolidated Mining and Smelting Co. at Pinchi Lake in the Fort St. James mining division of British Columbia. A 50-ton mill is in operation there and it is planned to double capacity almost immediately. First month's output, following commencement of production on June 10, amounted to 400 flasks.

There are several other potential sources of mercury production in British Columbia and with the success of Smelters, renewed attention will probably be paid to various cinnabar or mercury showings. The west coast is known as a favorable place for finding mercury; in the United States almost the entire supply of that country comes from California and Oregon.

After Magnesium

Besides mercury, Consolidated Smelters has been active in other strategic metal fields. Take magnesium. The company holds a magnesite deposit and a "semi-commercial" process is stated to have been worked out for production of magnesium—used in production of flares and in the airplane industry. Even though Smelters' process is semi-commercial, a source of supply is sometimes more important than getting output at what would be considered a reasonable cost in peacetime.

Last year Smelters "practically completed" a process for production of manganese and while no statement on the subject is available from the company's management, it seems possible that Canada will soon be adding this important item to its list of war metals.

Considerable prospecting for manganese has been carried on throughout Canada. At least one small company has been formed in Ontario to develop a manganese prospect. At Steep Rock Iron Mines, interesting manganese specimens have been obtained and showings are to be investigated at a later date.

Manganese is used in the iron and steel industry and in manufacture of batteries used in mechanized equipment, airplanes and naval units.

May Open Tungsten Mine

One of the most eagerly sought after of the war metals has been tungsten. It is an almost indispensable metal in the manufacture of high-speed tool steels. Most of the world's supplies come from China and consequently are in jeopardy with the increasingly tight control of that country by Japan.

Plans are now being considered for initiating production of tungsten in Canada. Commercial tungsten values were established at Slave Lake Gold Mines last year but shortage of working capital prevented work proceeding at the time. Now a bond issue of $100,000 is proposed to place the company's property in production. The property was originally developed for the gold content of its ore but original work had been suspended when values at depth were found to be much lower. On re-examination for tungsten values, however, it was found that tungsten content improved as depth was reached.

The search for tungsten is also being pressed with some success in the Herblet Lake area of Manitoba.

Molybdenum Possibilities

Probably the search for molybdenum excited greater ardor, both genuine and promotional, than that for any other metal when war broke out. Numerous companies were formed, including several which were highly promotional and speculative in character, and appeared more interested in share pushing than in mine development.

Several were talking of commercial production when the molybdenum search received a serious blow—the market for molybdenum concentrates disappeared. United States interests concluded an agreement with the United Kingdom authorities to provide them with all the supplies required for 1940.

Recently, however, United Kingdom interests have again been making enquiries for concentrates in this country, possibly for 1941, and if a steady market can be assured, the activity may revive. Purchase of concentrates in Canada rather than the States would seem desirable to conserve United Kingdom resources of American funds, it has been pointed out.

Quyon Mine Equipped

While there is no production of molybdenum in Canada as yet, there is better knowledge of the resources of metal in this country. The Quyon mine in Quebec has been equipped for production since war broke out and is stated to be capable of supplying all Canada's requirements.

Ontario has several potential sources of molybdenum, including the Regnery Metals and North American molybdenum properties. Regnery Metals is stated to have proved up a considerable tonnage of disseminated molybdenite and some time ago production on a commercial basis was planned. The operation is privately owned. North American Molybdenum reported that drilling indicated ore at its property in the eastern section of Ontario and some equipment was purchased in preparation for production. All work was suspended, however, when it was found that the market for molybdenum concentrates had gone.

Work Chrome Property

Following an extensive search, it seems possible that a commercial source of chrome—the ore of chromium—may be developed in this country. A property is being investigated near the Thetford area in Quebec which is stated to show interesting possibilities. Two or three parties are interested in the project. For a number of years, a small amount of chrome came from the asbestos mines in the Thetford area. In Ontario, Chromium Mining and Smelting Corp. did considerable work on a property at Obonga Lake, near Collins, Ont., but a commercial deposit was not established.

A Supply Important

Development of a source of chromium in this country would be of distinct importance. For several years, Chromium Mining & Smelting Co. has been on the lookout for a deposit in connection with its patented processes for recovery of chromium values. Now the company is forced to use imported ore. The company's processes are claimed to allow treatment of ore which would usually be considered sub-commercial. If Chromium could obtain a source in Canada it would not only allow a saving in freight charges — if the source should be accessible — but would ensure a steady supply. At the present time, the company must keep a certain reserve of ore on hand to ensure against shortage.

Cobalt Output Up

Reflecting the increased demand due to war, output of cobalt in Canada for 1939 was the highest since 1930. The O'Brien interests suspended operations at their properties late in the year but the mines are now being operated under lease.

Recognizing the importance of cobalt production at this time, the Ontario Department of Mines has been re-surveying the Cobalt area for cobalt possibilities. In the past, emphasis was on production of silver and many cobalt showings may have been overlooked in the search for the white metal.

Teck Announces Larger Extra

An extra dividend of 5 cents a share has been declared by Teck-Hughes Gold Mines payable along with the regular quarterly dividend of 10 cents a share on October 1, 1940, to shareholders of record Sept. 10; ex-dividend Sept. 9. Payment of the dividend is subject to approval of the Foreign Exchange Control Board.

In each of the two years previous to 1940, one extra dividend of 3 cents a share was paid in October. With continuation of the present dividend rate, the rest of this year, at least 2 cents a share more will be paid this year than was paid in either 1938 or 1939.

Mining Enquiries

Siscoe Gold

Please bring me up to date on the present position of Siscoe Gold Mines.

After a long period of declining production, Siscoe Gold Mines has apparently stabilized mine output around $150,000 monthly which appears to be a high enough rate to allow a continuation of dividends at 12 cents per share per annum payable quarterly.

Recent ore disclosures at the property suggest that the company may be making a comeback after rather disappointing results extending over a period of two years. Some higher than average grade ore has been located in the new Hope vein while new ore has been located in other sections. Prospects for finding ore at depth now appear brighter than some time ago.

While tonnage of ore reserves has increased the last three years, decline in the average grade of ore in reserve has been chiefly responsible for the fall in profits. The company is now believed to be treating a grade which represents fairly well the average grade in reserve. On the basis of the present treatment rate, there is sufficient ore available for at least two and a half years' operations.

Working capital of the company is well over 20 cents a share, ample to take care of the development of any new property of merit which the company's exploration department may locate.

Sullivan Consolidated

Please outline for me the present earnings and mine position of Sullivan Consolidated Mines of which I am a shareholder.

Production of Sullivan Consolidated Mines this year has been running on a level comparable with that of last year when earnings were equal to 10 cents a share. The company has been paying the corporation tax for some years but now has the added burden of the excess profits tax.

Minewise, Sullivan is probably in the best position in its history. Ore reserves were almost doubled between March 31, 1939, and March 31, 1940, in spite of the milling of a much larger tonnage of ore during the period. No figure on ore reserves has been made available since March 31, 1940, but in view of the many indications of ore at the end of last year, it would not be surprising if a substantial further increase in ore reserves is being experienced this year.

Leitch Gold

I am thinking of purchasing shares of Leitch Gold Mines. Will you kindly give me a survey of the present situation?

Profits of Leitch Gold Mines are currently running at slightly over 11 cents a share per annum before allowance for federal excess profits tax. Production may possibly now be stepped up slightly to offset effects of the excess profits tax. Some new equipment was installed recently which may allow this to be done without further capital expenditure.

Values in gold at the Leitch property are found in a number of narrow, high-grade veins which have shown considerable continuity from level to level. When one vein weakens, others seem to be stronger. Consequently, levels so far have shown consistently good ore results. Last year, tonnage of ore in reserve was almost doubled at 121,606 tons although average grade in reserve dropped $4.14 a ton to $22.23. This ore reserve is sufficient for approximately four years' milling requirements.

Diamond drilling early this year revealed a downward continuation of good gold values below the present bottom level and a diabase sill at 1,850 ft. below surface. This sill may possibly cut off the ore for considerable depth, as at the neighboring Northern Empire Mine, but further ore will quite likely be found beneath it, it is believed. If the present ore zones continue downward unchanged to the sill, they will contain enough gold to yield a profit of around $1.36 a share (before excess profits tax) it was stated at the company's annual meeting last February.

Dividends continue to be paid at the rate of eight cents a share per annum; it is not believed that the excess profits tax will necessitate any change in this rate. The company is in a strong financial position with working capital equal to approximately 14 cents a share earlier this year.

Canadian Malartic

What is the present prospect of dividends from Canadian Malartic Gold Mines? Do operations seem to be on an expanding or contracting basis?

While operating profits of Canadian Malartic Gold Mines are running close to those of last year, it may not prove possible for the company to distribute as much in dividends as has been the case the last two years.

In both 1939 and 1938, the company paid nine cents a share, while net profits amounted to 4.4 cents and 5.8 cents a share respectively. Regulations of the Foreign Exchange Control Board now state that foreign exchange will only be granted for a payment of dividends to United States shareholders where the dividend is fully covered by net rather than operating profit. This may act to prevent Canadian Malartic from paying out more than is earned as net profit. However, the company has the perfect right to declare dividends in Canadian funds that are not fully covered by net profits.

Minewise, the company appears to be in excellent shape with a 10% increase in milling capacity placed in operation a short while ago. Ore reserves last year increased almost 25% and are enough for fours years' operations. In addition, a large new tonnage of ore has been indicated this year. This may give a substantial increase in ore reserves before the end of the year.

Mining Concentrates

Chesterville Larder Lake balance sheet as at June 30, 1940 shows the company's bank loan reduced to $90,000. Other liabilities totalled $41,301. Current assets of $95,061 included $38,088 cash in bank and $56,222 in gold bullion. Supplies which were not included in current assets totalled $32,627. Earned surplus was shown at $196,277.

* * *

Dayton Porcupine Mines may resume work following the transfer of certain vendor interests, it is stated. A total of 40 claims comprise the property which is located north of Galore Gold Mines in the Porcupine area.

* * *

East Malartic Mines blasted a fourth level pillar in June with 70,000 tons of broken ore resulting. Production for the month was $263,203 from 44,556 tons, the lower mill heads and higher costs for the months being due to treatment of 6,630 tons from the No. 1 and No. 2 shaft surface dumps.

* * *

God's Lake Gold Mines has reached a depth of approximately 200 ft. in its shaft sinking, it is stated. Expenditures for shaft sinking of $21,482 in the first half were charged directly to operations with operating profit for the first six months amounting to $148,365 compared with $221,354 last year.

* * *

Hasaga Gold Mines is stated to have ordered additional equipment to bring capacity of its mill up to 300 tons daily. About 450 tons a day will be hoisted with 150 tons being sorted out as waste. The increase in mill capacity will come into effect in September.

* * *

Kerr Lake Mines has declared a dividend of 5 cents a share, U. S. funds, payable Sept. 4, 1940 to shareholders of record Aug. 20; ex-dividend Aug. 19. Last previous payment was 10 cents a share, U. S. funds, Oct. 20, 1939.

* * *

Kirkland Lake Gold Mining Co. showed an increase in operating earnings at $540,596 the first half of 1940 from $443,687 the first half of 1939, but after taxes and depreciation, estimated net profit showed an increase to only 6.73 cents a share compared with 6.65 cents last year. Production increased to $1,015,175 from 64,104 tons compared with $807,876 from 47,648 tons. Development continues to expand the new section opened up on the 43rd and 44th levels, it is stated. Deepening the main shaft should be completed in about six weeks. A dividend of 6 cents a share has been declared payable Nov. 1 to shareholders of record Sept. 30.

* * *

McKenzie Red Lake Gold Mines production in the second quarter of 1940 is stated to have continued below normal due to treatment of lower grade ore and absorption in the mill circuit. Output was $231,159 from 21,923 ton of ore compared with $229,469 from 21,575 tons the first quarter. Treatment of better grade ore in the second half of 1940 will considerably improve production, it is stated. About 600 ft. of new ore has been opened up on level from the 550 to 1,050-ft. horizons. Drifting has been started in the north zone at the 650-ft. level with 45 ft. of ore so far indicated.

* * *

McMaramac Red Lake Gold Mines is expected to be in production in about three months with construction now under way on a mill of 75 tons capacity. Arrangements have been made with McKenzie Red Lake Gold Mines whereby that company will advance the funds necessary to bring the property into production. Under the arrangements, 2,050,000 McMarmac shares will be outstanding of which McKenzie Red Lake will hold 1,060,000 shares. Options held by McKenzie Red Lake have been cancelled.

* * *

Rochette Gold Mines has completed installation of machinery, including a Diesel engine, compressor, etc. A power house has been erected and a water tank is being put in. Shaft sinking is expected to be under way shortly. Negotiations are now being undertaken for a 35-ton mill. Officials hope that sufficient profit could be realized from such a mill to supply funds for development.

* * *

Snowshoe Gold Mines, operating in the Cariboo area of British Columbia, will require a further $15,000 to complete proposed development, according to Fred M. Wells, president. Plans call for the building up of sufficient ore for a 100-ton mill or possibly a larger operation. On April 30, 1940, current assets amounted to $1,014 with current liabilities of $801, not including $25,762 of advances from Wells Mining Corp.

* * *

Sullivan Consolidated Mines had operating profit of $273,497 in the three months ended June 30, 1940 compared with $256,670 in the corresponding three months last year. Production for the latest quarter was $605,025 from 59,534 tons of ore for an average recovery of $10.16 a ton as against $551,215 from 60,430 tons of ore, an average of $9.12 a ton.

* * *

Slave Lake Gold Mines has secured shareholders approval to a $100,000, 6% bond issue with a three-year maturity. These bonds are to be offered for sale to shareholders to finance erection of a 50-ton milling unit on the company's property in the Great Slave Lake area. Offering price will be 95 with the bonds callable at any time to maturity at 105. Each $1,000 bond is to carry a bonus of 2,500 shares of stock. Consent for the issue has been received from the Ontario Securities Commission.

* * *

Sachigo River Exploration Co. is expected to exhaust its known ore resources some time this winter unless further discoveries of ore are made, according to reports. No further ore of consequence was found although the shaft was projected downward three levels and a good deal of work was done.

* * *

Sladen Malartic Mines showed an operating profit of $106,183 the second quarter of 1940 compared with $55,505 in the first quarter. Production was sharply higher at $257,423 from 61,496 tons of ore in the second quarter up from $169,924 from 51,865 tons in the first quarter of this year. Operating costs in the second quarter averaged $2.44 compared with $2.22 the first quarter. Diamond drilling in the "north zone" has indicated ore in a number of diorite dikes, it is stated, but intersections cannot be correlated from present information.

* * *

Thompson-Lundmark Gold Mines is stated to have arranged for financing up to $500,000 from Consolidated Smelters to bring its property in the Yellowknife area into production. The deal was completed after an examination of the company's property by a Smelter's engineer. Opening of the Fraser vein on the new 450-ft. level is stated to have shown dimensions and grade much the same as on the first two levels. Sinking for the opening up of another level at 600 ft., slope depth, has been started.

* * *

Wampum Gold Mines has forwarded a progress report to shareholders outlining work completed and results obtained. Over 2,000 ft. of diamond drilling is stated to have been completed indicating two ore-bearing structures. Deep drilling to 500 ft. depth is recommended as a preliminary to shaft sinking.

Matachewan Operations Show Lower Profit

Estimated operating profit of Matachewan Consolidated Mines showed a decline the second quarter of 1940, amounting to $40,245 compared with $50,375 the corresponding period last year. Figures are before depreciation and other write-offs.

A decline in production not completely offset by lower operating costs was responsible for the 1940 decline. Output in the second quarter was $182,414 from 41,636 tons of ore for as against $213,590 from 39,128 tons of ore last year. Operating costs were down over $20,000 at $136,859.

Ontario's Gold Hits New Peak

Output For First Six Months a Record With June Best Month Yet

A general increase in production was shown by Ontario gold mines in the first six months of 1940 compared with the corresponding period of last year, according to figures released by the Ontario Department of Mines.

Production figures for the first six months show an increase of 12.09% in tonnage of ore milled, 5.88% in quantity of gold produced, 16.35% in silver recovered and an increase of 16.12% in the value of bullion produced.

$120 Millions This Year

On the basis of the $60,274,146 worth of bullion recovered in the first half of this year, it is estimated that the value of output of Ontario's gold mines this year should exceed $120 millions compared with $109.3 millions in 1939.

Production from 63 active Ontario gold mines in June established a new record at $10,327,306 although there were only 30 producing days in the month. Production for December of last year, the previous record month, was $10,267,493.

According to the report of the Ontario Department of Mines, the record production for the first six months of this year may be attributed to the response of the mining industry to the Nation's call for more gold which is essential to our war effort.

Ontario Gold Production

	1940	
	Tons milled	Value $
Porcupine Belt:		
Second quarter	1,401,892	17,503,156
First quarter	1,363,587	13,504,601
June	466,729	4,547,448
May	477,708	4,524,399
April	457,455	4,431,309
Kirkland-Larder Belt:		
Second quarter	753,701	10,138,795
First quarter	744,004	9,784,687
June	249,188	3,537,141
May	257,573	3,393,496
April	246,940	3,208,158
Matachewan, Sudbury, etc.:		
Second quarter	176,670	833,388
First quarter	171,680	785,244
June	57,307	270,659
May	61,803	275,980
April	57,560	286,749
Northwestern Ontario:		
Second quarter	572,788	5,797,293
First quarter	573,668	5,910,362
June	192,309	1,961,829
May	192,917	1,898,951
April	187,562	1,936,513
Miscellaneous:		
Second quarter	180	11,725
First quarter	......	4,895
June	108	10,229
May	51	924
April	21	572
Total for Ontario:		
Second quarter	2,905,231	30,284,357
First quarter	2,852,939	29,989,789
June	965,641	10,327,306
May	990,052	10,093,750
April	949,538	9,863,301
Grand Total	5,758,170	60,274,146

Mines Of Quebec Increase Output

Record Figure For 1940 Suggested By Production to End of June

Increases in the quantity of both gold and silver produced in Quebec are shown for June and the first six months of 1940, according to the monthly production bulletin of the Quebec Bureau of Mines. Figures so far this year point to a new record for production in 1940, the bulletin states.

Gold production in June totalled 81,369 ounces compared with 75,334 ounces last year, bringing the total to the end of June up to 497,333 ounces compared with 484,414 ounces for the first six months of last year. Increase in value of output, of course, is still greater than the increase in quantity.

Silver output in June was 105,564 ounces against 98,488 ounces in June, 1939.

Production of gold by Quebec mines the first six months of 1940 is as follows:

	Tons milled	Total recovery $
Aldermac	181,902	36,999
Amm Gold	30,471	145,838
Arntfield	54,351	180,180
Beattie	313,660	1,265,110
Belleterre	39,485	446,947
Can. Malartic	129,748	555,401
Central Cadillac	30,957	185,608
Cournor	47,983	323,631
East Malartic	272,699	1,808,499
Francoeur	29,451	207,515
Lamaque	221,971	2,375,874
Lapa Cadillac	49,550	197,312
McWatters	18,158	214,291
Malartic Goldfields	74,542	714,907
Mooshla	2,291	82,082
Noranda	1,216,409	4,564,868
Normetal	57,801	44,853
O'Brien	33,970	527,527
Perron	68,007	937,436
Powell Rouyn	103,153	453,338
Sigma	138,649	1,157,117
Siscoe	115,658	919,958
Sladen Malartic	113,359	424,462
Stadacona	70,638	334,565
Sullivan	60,590	566,296
Waite-Amulet	170,022	205,089
Wood Cadillac	35,890	270,077
Other mines	......	1,540
Total		19,147,320

—Photo Blank-Stoller.

HEADS CURB MARKET

Grant Johnston has been elected chairman of the Montreal Curb Market following resignation of Lt.-Col. J. E. McKenna, who has re-entered the army. Mr. Johnston also replaces Col. McKenna on the governing committee of the Montreal Stock Exchange.

Central Stations Set Up New Record For Output

From Our Own Correspondent

MONTREAL.—Output of central electric stations in Canada in June amounted to 2,579 million kw.h. compared with 2,246 million kw.h. in the same month last year, according to returns of the Dominion Bureau of Statistics. The index number adjusted for the uneven number of days in the month and other seasonal factors rose to a new high of 274.24.

All five economic areas shared in the increased output, which brought the cumulative returns for the first half of the year up to 14,968 million kw.h., as against 13,744 million kw.h. for the first six months of 1939.

Making New Records

Comparative figures on outputs by economic areas follows:

Central Electric Station Output
(Thousands kilowatt hours)
June

	1940	1939
Maritimes	79,313	78,281
Quebec	1,412,814	1,211,639
Ontario	755,571	637,696
Prairies	160,979	156,940
B. C.	170,206	160,981
Total	2,578,883	2,245,537
Six Months Ended June		
	1940	1939
Maritimes	429,593	417,065
Quebec	7,974,766	7,393,488
Ontario	4,400,492	3,884,009
Prairies	1,146,130	1,118,398
B. C.	1,017,522	951,292
Total	14,968,503	13,744,252

More Being Used

The increase in output is in line with consumption. During June provincial consumption, represented by production plus provincial imports less provincial exports, aggregated 2,388 million kw.h., up from 2,082 million kw.h. a year ago. Ontario and Quebec continued to lead in the increase in consumption.

For the first half of the year consumption aggregated 13,969 million kw.h. This contrasts with 12,789 million kw.h. for the like period a year ago. The most notable increase was reported by Ontario, though all the other areas shared in the gain.

Ontario's Gain Marked

Figures on the provincial consumption are shown in the following table:

Consumption of Energy
(Thousands kilowatt hours)
June

	1940	1939
Maritimes	77,972	76,803
Quebec	1,087,747	923,873
Ontario	891,390	763,984
Prairies	162,619	158,363
B. C.	168,452	159,451
Total	2,388,180	2,082,474
Six Months Ended June		
	1940	1939
Maritimes	420,037	408,015
Quebec	6,034,876	5,649,647
Ontario	5,351,649	4,662,651
Prairies	1,157,053	1,127,089
B. C.	1,005,872	941,917
Total	13,969,487	12,789,319

Boiler Load Greater

Deliveries of secondary power to electric boilers last month amounted to 527 million kw.h. compared with 475 million kw.h. in June, 1939.

Since the beginning of the current year electric boilers have taken 2,916 million kw.h. This compares with 3,271 million kw.h. for the first half of 1939, the decline being due to the diversion of power normally used in electric boilers for primary industrial purposes.

Export Demand Greater

Exports of electrical energy to the United States amounted to 191 million kw.h., or the daily average of nearly 6.4 million kw.h. This is the highest daily average exported to date.

For the first half of the current year exports to the U. S. amounted to 999 million kw.h., as against 955 million kw.h. for the corresponding period last year.

Brazilian Profits Off Nearly 10%

Drop More Than Accounted For by Decline In Exchange

A decline of nearly 10% in net earnings is reported by Brazilian Traction, Light & Power Co. for the first six months of 1940, as compared with the corresponding period of 1939.

Operating expenses were reduced by more than 3%, but gross earnings were off over 6%. The decrease in net earnings as compared with the corresponding 1939 period is more than accounted for by the decline in exchange, according to an official of the company.

All figures will be subject to final adjustment when the annual accounts are made up, due to exchange differences.

EARNINGS

Six Mos. Ended June 30:	1940 $	1939 $	Decr. %
Gross earn.	18,103,655	19,339,780	6.39
Oper. exps.	8,987,212	9,307,514	3.44
Net earn.	9,116,443	10,032,266	9.13
April:			
Gross earn.	3,087,970	3,127,526	1.26
Oper. exps.	1,516,882	1,519,835	0.19
Net earn.	1,571,088	1,607,691	2.28
May:			
Gross earn.	3,100,378	3,321,849	6.67
Oper. exps.	1,546,141	1,603,935	3.60
Net earn.	1,554,237	1,717,914	9.53
June:			
Gross earn.	3,063,378	3,215,506	4.73
Oper. exps.	1,532,871	1,488,229	*3.00
Net earn.	1,530,507	1,727,277	11.39

*Increase.

Southern Canada Earnings Steady

From Our Own Correspondent

MONTREAL.—Operating revenues of Southern Canada Power Co. showed a further increase in June as compared with the same month a year ago, but the surplus, after dividends, was slightly smaller than reported in 1939.

June	1940 $	1939 $
Gross earnings	225,944	201,852
Oper. exps.	111,904	88,959
Net earnings	114,040	112,893
Less: Int., deprec., amortiz. & divds.	112,146	109,905
Surplus	1,894	2,988
9 Months Ended June 30	1940 $	1939 $
Gross earnings	1,997,325	1,797,122
Oper. expenses	980,252	779,218
Net earnings	1,017,073	1,017,904
Less: Interest, deprec., amort. & divds.	1,013,920	993,461
Surplus	*3,153	24,443

*After adjustment of income tax.

McFetrick & Co. Closes Until War Is Over

From Our Own Correspondent

MONTREAL.—McFetrick & Co. has advised the Montreal Curb Market and the Canadian Commodity Exchange of its retirement from business for the duration of the war.

The firm is not selling its exchange memberships and intends to resume operations after hostilities have ceased. The firm has been in existence for 14 years. Mr. McFetrick has been a member of the Montreal Curb Market and of the Commodity Exchange since 1934.

For Portfolio Selection and Analysis

These Cards
Give All The Facts

THE FINANCIAL POST CORPORATION SERVICE is recognized as the most complete and authoritative source of investment information and news on Canadian companies. The information is well-analyzed and presented in a compact and readily accessible form — a form that is easy to read and impressive to send to clients. The Service covers both listed and unlisted companies — industrials, public utilities, mines, oils, banks, trust and loan companies, life insurance companies, investment trusts, real estate companies, etc.

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Menace to Canada's Solvency

Canada's transportation problem must be considered of major importance, says the Sirois report on Dominion-Provincial Relations, and "refusal to deal with it or failure in an attempt to deal with it will have consequences, financial and political, dangerous alike to the Dominion and to the provinces."

Throughout the report frequent references are made to the transportation situation and problem. The Commission gave exhaustive study to this phase of the Canadian economy, but it does not offer a solution. It does, however, make a number of points:

The Commission does not believe that the railways can re-establish their once superior position.

Competitive situation exists between national rail services and provincial highway operations.

British and U. S. experience no clear guide to Canadian action.

Failure to Solve Transportation Problem Involves Serious Consequences, Says Sirois Report on Dominion Provincial Relations

Single authority not regarded as solution to transportation problem.

Regulation is possible through taxation.

Situation calls for a gradual adjustment of railway freight rates.

Co-ordination of all forms of transportation service in a comprehensive national system is recommended.

The largest item in the expenditures of Canadian governments is that of transportation and development. Including current expenditures and net interest paid on debt incurred for these purposes, they account for nearly one third of all government expenditure—a proportion that has scarcely varied since Confederation.

The Commission outlined how the railways held first place in the development of the nation's resources. Mention is made of the creation of the Canadian National Railways system as the result of the collapse of ambitious private railway systems in the war period. Then the flourishing 'Twenties and the record earnings of both systems.

At the same time, rival forms of transportation were beginning effectively to challenge the railways. Boom earnings camouflaged the underlying situation. Finally, as the Report adds, "the experience of the depression, however, revealed the realities of the situation in which the railways find themselves.

A study of the records show that this competition has been operating with ever-growing effectiveness since 1920. The public is only now becoming conscious of the problem for the railways and for the governments of Canada which this condition is creating."

Change in Trend

Between 1920 and 1924 rail movement was, on the average, about 20 points higher than industrial production. After 1924 these lines rapidly converged, with the result that the line of industrial production passes through and above the line of rail freight movement in 1926. Since 1933 there has been an ever-widening gap between the two. Today industrial production stands more than 30 points above the movement of rail freight. Thus the railways have suffered progressively from competitive methods of transportation, from greater rationalization of Canadian industry, elimination of cross shipments, and industrial unit self-sufficiency.

The report frankly admits that there are "no exact figures of the effect of highway competition on the earnings of the railway." There are, however, reliable estimates which indicate a progressively large percentage of the freight business of the country is going to the trucks.

Truck Share Larger

In this instance there is given a figure of $59,503,000 as developed by the Bureau of Research and Development of the Canadian National Railways to cover the earnings of all common carrier and private trucks operating over the highways in 1937.

Comparing this figure with a like estimate made for the Duff Commission, the Report states that "in 1930, with motor earnings of $24 millions, gross railway freight earnings were $322.7 millions. In 1937 railway freight earning had fallen to $270.5 millions and motor earnings had risen to $59.5 millions. This Commission has been given by its own experts an estimate of the annual loss to the railways from highway competition of from $75 millions to $80 millions of which $30 millions represents lost passenger traffic."

Extend Water Competition

The report adds that trucks have extended the area of water competition in the Great Lakes region to the whole district which can be served by trucks plying from lake ports. There too has been a spectacular increase in travel by private motor cars and buses. The monopoly of land transportation by the railways is gone, and they are faced with competition not foreseen when the railway structure of Canada was in the process of building.

It is admitted that the railways have increased their efforts to recapture certain business lost to the trucks through lower regional rates, pick-up-and-delivery service, and agreed charges. The Commission does not believe that even with these new expedients the railways can reestablish their superior position.

Public Interest First

It is made clear that in dealing with this problem of transportation the prime consideration must be the public interest. This is not identical either with the protection of the older forms of transportation, or with the subsidization of these newer methods by artificial advantages supplied at the public expense.

When the rate structure was built up there was no fundamental clash of interests as between these two classes of shippers and consumers. There was rather a union of interests. Both heavy and light goods received the benefit of lower rates than they would have had to pay had the other party to the union been excluded.

Taxpayers are now, presumably, reluctant to assume the enormous burden which may be involved in subsidizing the movement of heavy and bulky commodities. The Report rather significantly states that "Taxpayers ought certainly to be spared the misfortune, which may easily arise from the present system of divided jurisdiction, of having to subsidize both classes of shipper and consumer — by absorbing railway deficits through the Dominion treasury, and providing roads at the public expense through provincial treasuries."

Revise Rate Structure

Generally, the present freight rate structure calls for gradual adjustment based on intelligent and generous compromise. There is no way of telling what form of compromise may ultimately take place. It would seem that rate structures will have to be so devised as to divide traffic so that the railways would be kept from bankruptcy while shippers and consumers of goods likely to move by road would make some sacrifice during the period of adjustment.

No Clear Guide

British and United States experience is reviewed. It is admitted that even a single authority, as in Great Britain, may find the transportation problem extremely difficult. At the same time, American experience indicates that it is not easy to regulate transportation in the national interest without frequent interference in matters of vital provincial interest.

While both British and United States experience provides interesting background data in dealing with modern transportation problems, it still does not provide, in the opinion of the Sirois Report, a clear guide for Canadian action. It is stated that it may be reasonably assumed that, in the future, the Federal Government in Canada will be charged with responsibility for seeing that the country has adequate railway service. The provinces will continue to build highways suitable for motor traffic in keeping with the insistent public demands. The Report adds that "the pressure for the construction of highways will be so powerful that it is likely that it will be checked only by financial limitations of the provinces."

The problem before Canada is, how best to establish and maintain co-operation between the Dominion in respect of its railway services and the provinces, in respect to their road construction. Effective co-operation in the opinion of the Report is of immense importance because numerous interests will be vitally affected by whatever course of action Canadian governments may take.

Two Methods of Co-operation

It is stated that there are two possible methods of co-operation:

1. **The provinces might adopt substantially uniform policies with respect to the control of highway carriers, and co-ordinate this control with Dominion supervision over railways.**
2. **Jurisdiction to control highway carriers might be transferred to the Dominion.**

Basis Already Exists

The first method, that of uniform provincial regulation, was recommended by the Duff Commission in 1932. The Report adds that there is much to suggest that there is a common recognition by the provinces of the need for control of both rates and service.

A question submitted on behalf of the Commission to the provinces indicates that there is in existence already a basis upon which a Dominion-wide system of regulation might be built. However, it is admitted the regulation of one form of transport by one government, and that of another by a different government "offers little hope of preventing duplication of carrier facilities as between highways and railways, or of protecting the railways from undue or unfair competition by highway carriers." It is frankly admitted, under present conditions, there is a definite competitive situation between national rail services and provincial highway operations.

Common Authority View

The alternative is a common regulatory authority. It is admitted, at the outset, that it would prove impossible for a single authority to regulate private vehicles throughout Canada, nor would it seem essential for a central authority to regulate all aspects of highway carrier service.

The Sirois Report suggests that such centralized jurisdiction should only be over the granting of franchises and the regulation of service and rates.

Another method of delegating regulatory control from the provinces to the Dominion over motor carriers could be achieved by amending the British North America Act.

There is still another possible means of obtaining unified control over the highways. The Dominion could declare designated highways works for the general advantage of Canada, or of two or more provinces, as it did in the case of most railways and grain elevators.

Question of Taxation

The Report suggests that one of the possible methods of regulating competition, or of establishing fair competitive conditions, between railways and motor carriers consists in taxation. A uniform policy between the Dominion and the provinces on this matter is important if taxation is to be used for regulatory purposes.

In the opinion of the Commission, "today it is probable that no province is taxing motor carriers or private trucks the full share of the cost of their operations of the province—All provinces by means of a flat rate gasoline tax compel private motor car owners in effect to subsidize buses and trucks. The taxation which it is appropriate that each province should impose on motor carriers by way of license fees might be worked out by a research body on the basis of engineering tests of the cost of wear and tear on roads by various types of vehicles." If the provinces agreed to impose this taxation, the effect would be to protect railways (as they should be protected) from unfair competition by truck traffic.

It is admitted that higher taxes on trucks and buses would increase motor carrier costs and thereby improve the competitive position of the railways.

The Commission suggests some control over new investments which will be made in highways. It admits that such regulation is difficult. One obvious limit is that of funds available.

Finally it recommends the use of far-sighted research and planning aimed at co-ordinating all forms of transportation service in a comprehensive national system. The Dominion, with the greatest stake in transportation, should take the lead in establishing a planning and research organization, in order to have continuous and all-embracing transport planning. In addition "a further aspect of planning might be for the Dominion to give consideration to the desirability of a complete review of the railway freight rate structure in the light of conditions as changed by motor truck competition and that the powers of the Board of Transport Commissioners should be extended accordingly."

In its discussion of road and rail transportation problems, the Commission points out the immense potential dangers of waste and overlapping in the field of transportation. In order to reduce the financial disabilities resulting from the present costly and competitive transport situation, it suggests the obvious conclusion for Canada "that there must be intimate and cordial cooperation between the Governments—Federal and Provincial — which divide the jurisdiction over transportation problems."

Where the Money Went

Expenditures on Transportation by the Dominion Current Account, 1928-37

(Thousands of Dollars)

	Canadian National Railways Deficit (a)	Harbors, Steamships and Marine	Canals and other Transportation	Total Transportation	Percentage of total current revenues of the Dominion %
1928	47,788	9,627	15,295	72,710	16.2
1929	64,487	11,574	17,554	93,615	21.7
1930	86,542	11,044	20,191	117,777	34.1
1931	112,186	10,237	14,747	137,170	42.3
1932	112,807	8,531	10,377	131,715	44.1
1933	109,234	8,419	9,327	126,980	40.6
1934	91,160	9,222	10,780	111,162	31.8
1935	92,414	10,262	11,960	114,636	31.7
1936	71,868	9,115	11,528	92,511	20.9
1937	67,635	9,584	11,468	86,687	17.7

(a) Includes interest on Government investment and advances.

Ontario Steel Does Better

Prime Factor Is Demand on Automotive Industry For Military Equipment

Ontario Steel Products Co. showed improvement in earnings in year ended June 30, just closed, as compared with the previous 12 months, The Financial Post understands. Net profit, equal to 76 cents per share on the common stock, was shown in the 1938-39 fiscal year, compared with $1.37 the previous year.

Plants are stated to be well employed. Much of the activity is closely allied to the automotive industry, which at present is heavily engaged in production of motorized military equipment. Principal products are wagon and automobile springs, springs, bumpers, drive shafts and axles, crow bars, gray iron and brass castings, stampings, chromarding, chromium and plating of all kinds.

Affect of New Taxes

The company is subject to the increased corporation taxation of 30% for the final six months of the latest fiscal year. On the basis of 1938-39 earnings, the company would escape the "excess" profits tax.

Indicative of the improved business, a dividend of 75 cents per share has been declared on the common stock, payable Aug. 15, to shareholders of record Aug. 6. Payment of 60 cents was made in 1939 and 50 cents in 1938, while none was made prior to that since 1932, when 40 cents was distributed.

Outlook probably can be regarded with some optimism, in view of the promise that motorized military equipment will continue to be produced indefinitely by the automotive industry.

Regent Knitting Mills Building Up Backlog

From Our Own Correspondent

MONTREAL. — Department of Munitions and Supply has placed two contracts, having an aggregate value of $141,031, with the Regent Knitting Mills Co. for clothing supplies.

This brings the total volume of business received by the company from the Canadian Government up to around $650,000.

Total sales to the end of June, the company reports, were 100% greater than for the same period a year ago.

Brown Co. Plan Making Progress

From Our Own Correspondent

MONTREAL.—More than 44% of the bondholders and more than 41% of the preferred stockholders have assented to the recently-submitted plan of reorganization for Brown Co., according to the reorganization committee managers.

In order to make the plan effective, assents were required from two thirds of the bondholders and the majority of the preferred stockholders.

To Pay Back Interest On Deer Park Bonds

Interest on 7% first mortgage bonds of Deer Park Manor Ltd., which mature Dec. 1, 1940, will be paid Aug. 5 to holders of coupon No. 24, due Dec. 1, 1937. The payment will be made upon presentation to any bank.

The company's taxes for the current year have been paid, and all operating accounts are paid when due, according to J. F. M. Stewart, president. At present there are two vacant apartments. Rentals have not been increased, but Mr. Stewart predicts there will be a better demand for accommodation in the fall.

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